Ohio Rail Development Commission

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November 6, 2008

Dear Commissioners:

Enclosed please find relevant information to the **Thursday, November 13, 2008** Commission meeting. Minutes of the September 11, 2008 meeting are included in your packet. Please review the minutes prior to the meeting.

Our meeting will be held in the Vern Riffe Center, 31st floor, South B&C, beginning at 10:00 a.m. If you haven't already done so, please contact Susan Arduini to confirm your attendance. You may reach her at 614/644-0307 (telephone) or by e-mail at susan.arduini@dot.state.oh.us.

We look forward to seeing you.

Sincerely,

Jolene

Jolene M. Molitoris
Chairwoman

enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA
Thursday, November 13, 2008
Vern Riffe Center for Government & the Arts
77 South High Street, 31st floor, Columbus, Ohio

CALL TO ORDER: Jolene M. Molitoris, Chairwoman

- Welcome
- Roll Call
- Approval of Minutes from September Meeting

EXECUTIVE DIRECTOR REPORT: Matt Dietrich

FINANCE REPORT: Megan McClory

PROJECTS FOR APPROVAL

- Resolution 08-22: Indiana & Ohio Blue Ash Rehabilitation
- Resolution 08-23: W&LE Akron Sub Crossing Safety Improvements
- Resolution 08-24: US Rail/City of Jackson Rehabilitation Project – Change in Scope
- Resolution 08-25: Dennison Depot "Polar Express"/Panhandle Line Agreement Modifications

APPROVED PROJECT BRIEFINGS

- Maumee & Western Hot Starts Loan
- Lawrence County Port Authority/Chatham Steel

PASSENGER RAIL UPDATE

PANHANDLE LONG TERM LEASE COMMITTEE REPORT
Commissioner Tom McOwen, Committee Chairman

REPORTS OF STANDING COMMITTEES

COMMISSION RETREAT DE-BRIEFING

NEW BUSINESS

PUBLIC COMMENT

ADJOURN

MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
SEPTEMBER 11, 2008

CALL TO ORDER
The meeting of the Ohio Rail Development Commission was called to order by Chairwoman Jolene M. Molitoris at 10:05 a.m. on Thursday, September 11, 2008.

MEMBERS PRESENT
Chairwoman Molitoris asked Megan McClory to call the roll. Members present included: Chairwoman Jolene Molitoris, Commissioners Tom McOwen, Solomon Jackson, Herk Wolfe, Larry Sowers, Director James Beasley, William Murdock, Barbara Bennett, Senator Larry Mumper, Emily McBane for Representative Robert Hagan; and William Lozier. Members absent were Senator Capri Cafaro and Representative Larry Flower. There were nine voting members present.

INTRODUCTION OF WILLIAM LOZIER, NEW ORDC COMMISSIONER
Chairwoman Molitoris introduced William Lozier, Deputy Engineer for the Licking County Engineer's office, and welcomed him to the commission. She stated that he has worked for the Ohio Rail Transportation Authority and as Deputy Director of Highway Operations for ODOT.

APPROVAL OF THE MINUTES OF THE JULY MEETING
Chairwoman Molitoris asked for a motion to approve the minutes of the July 10, 2008 meeting. Commissioner Wolfe moved to approve the minutes and Commissioner Bennett seconded the motion. Roll call was taken. The minutes were approved as presented with nine votes in the affirmative.

ACKNOWLEDGEMENT OF SEPTEMBER 11, 2001
Chairwoman Molitoris stated this is a day of heartfelt remembrance for all of the people who lost their lives in the planes, buildings and the rescue teams on September 11, 2001. She asked for a moment of silence to remember that day.

EXECUTIVE DIRECTOR'S REPORT
Executive Director Matthew Dietrich presented his Executive Director's report, which is found on page 9 of the commission packet.

Director Dietrich reported that ORDC has provided multiple presentations to the 21st Century Transportation Priorities Task Force and its subcommittees, as well as participating in the state agency forums.

Director Dietrich stated ORDC has been in discussions with ODOT's District 2 on the CSX National Gateway project and the highway infrastructure needs associated with the North Baltimore Intermodal Yard.

Director Dietrich commented on the bi-partisan Jobs Stimulus package. The logistics portion is planned at a total of $100 million dollars, $50 million in the first year and $25 million in the 2nd and 3rd years. Funding approvals will go through established procedures at the Development Financing Advisory Council and the State Controlling Board. ORDC staff is actively working with partners to develop the application and scoring criteria.

Director Dietrich stated that ORDC is working on a Memorandum of Understanding with ODOD to pledge ORDC loan repayment revenues toward enterprise bond fund awards to railroad projects. We expect to be able to loan between $20 and $25 million dollars. A personal thanks goes to Senator Mumper, who helped get this project off the ground.

Director Dietrich reported staff has identified potential routes for the Amtrak 3-C Service and is developing a contract with Amtrak for their feasibility study. Don Damron deserves extra credit for all the hard work done on this project. From a financial standpoint, it looks like other states' sponsored trains are using Amtrak equipment. Amtrak stated they are in the low 60's as far as the number of wrecked cars that can be rehabilitated. There is a race between states to secure those cars but there are concerns Amtrak might not even lease them to states. ORDC may need to be creative with cars.

Director Dietrich spoke about the Diesel Emissions Reduction Grant program. Of the ten applications that were funded, railroads received five: two to the Indiana and Ohio, one to the Cleveland Works Railway, one to Wheeling & Lake Erie Railway and one to R.J. Corman. The ORDC served as the public agency sponsor for the applications and will be involved in project execution. There is a meeting at the end of the month with the Federal Highway Administration to discuss contract requirements and eligible costs.

Director Dietrich reports staff and the Chairwoman received AASHTO ballots in support of the short line tax credit. The Commission supported this since inception, and ballots are due Friday, so staff will be processing this quickly.

Chairwoman Molitoris stated we are learning through the 21st Century Task Force that partnerships are a crucial ingredient to our future success in our business and in our country. One of these things the Commission has not done enough of is to really feature the partnership with ODOT. Last night the United States Senate approved a temporary fix for the Highway Trust Fund. This Commission is an independent body in partnership with ODOT. Director Beasley is modest and does not talk about the things he does everyday at ODOT that help the ORDC. She would like to recognize Director Beasley as a real force in helping us have a partnership between ODOT and ORDC.

Director Beasley stated ODOT wants to become a true department of transportation and that the relationship with ORDC is very important. ODOT recognizes they are not going to build their way out of congestion in urban areas. ODOT needs to think about rail and transit moving forward, and proactively identify revenue streams to promote the other modes of transportation. They are working on this everyday. This is part of the challenge for the task force as well as the part of the challenge for the next biennium budget. He thanked the chairwoman for her kind words.

FINANCE REPORT

Megan McClory, ORDC's Secretary-Treasurer, presented the Finance Report to the Commissioners. The report can be found on page 26 of the commission packet. Ms. McClory reported the Governor announced budget cuts yesterday of 4.75% of the already reduced budget for the current fiscal year. This amount is approximately $174,000, and our understanding from informal conversations with the budget office is that ODOT and ORDC will not have the same

flexibility that was available in the last round of cuts. ORDC will identify how to reduce our budget once instructions are released.

Ms. McClory reported the 2010-2011 budget request is being finalized. The budget will be introduced in early 2009. The document makes a case for the work we are doing and the public benefits of it.

The ORDC was able to upgrade Gloria Howard to a Fiscal Specialist position. The upgrading was for two purposes: recognition of additional work she is already doing because of staff reductions and to do fiscal reporting to make sure that ORDC is getting good results on grant projects.

Ms. McClory reported we are in the process of hiring a second college intern to help with passenger rail planning efforts.

She reported staff is in the process of planning the retreat and is contracting with Marie Keister of Engage Public Affairs. Marie is well known for facilitating meetings and keeping discussion on track. The date of the Retreat is October 2nd.

Ms. McClory stated ORDC is working with a group who is interested in starting excursions on a State owned rail line. The Glass Rock branch line runs south of Zanesville to southern Perry County. The line has been inactive for a decade. A group of volunteers will clear brush and get a good look at the track and its conditions. If it looks good, they intend to start an excursion service.

On a positive note, ODOT Department of Information Technology has done upgrades to our equipment and we appreciate all of their assistance.

PROJECTS

Request from Columbus & Ohio River Railroad to Transfer Panhandle Operating Agreement to the Genesee & Wyoming Inc.

Chairwoman Molitoris stated we have a significant event on our schedule today. Several years back when she worked for the ODOT Rail Division, they agency was supporting and working together to help create new shortline railroads in Ohio. At that time, Jerry Jacobson wanted to work with them on a small project. All these railroads didn't just exist or survive, they thrived. Ohio Central is a good example of this, and Jerry built a foundation that is very strong. Chairwoman Molitoris asked Jerry Jacobson if he would comment.

Jerry Jacobson stated it was an honor to stand up and speak in front of the Commission. There are a lot of people here today who helped preserve the rail system in Ohio. The Commission has been very helpful to the Ohio Central with a lot of projects. He said he will still be running steam engines and coming to Commission meetings, and stated that Ohio has a good company coming in.

Chairwoman Molitoris stated the ORDC has tremendous respect for what Mr. Jacobson has done at the Ohio Central.

Mortimer Fuller, Executive Chairman for the Genesee & Wyoming (G&W) presented an

overview of the Company. The railroad was founded by his great grandfather and his financial partners. In 1977, Mr. Fuller acquired a controlling interest in the G&W. At that time it was 14 miles long with 15 employees and revenue of $4 million dollars a year. It has grown over the last 31 years, currently employing 2,400, with 52 railroads in five countries, and revenue of $600 million a year. Market capitalization is $1.5 billion, with 500 locomotives, 25,000 cars, and the 14 miles is now 10,000 miles. The G&W brings a lot of experience to the Ohio Central railroad. They specialize in several markets and short haul freight with a wide variety of customers. They serve 16 ports in North America and do industrial switching and contract coal loading. They have a lot of experience in working with public-private partnerships, including a Pennsylvania project to get coal trucks supplying an electric generating plant off of the highway and onto the railroad system. They have been successful so far. Mr. Fuller reported in the Oregon region the G&W worked closely with Washington County who in turn engaged TriMet, a transit operator. Fourteen miles of G&W track has been upgraded for passenger operation, including $60 million in investment from the state of Oregon. The G&W will operate the trains for TriMet and the state will provide liability protection. The project was done on a cooperative basis, so as to not impede rail freight service.

David Collins, Senior Vice President of the New York/Pennsylvania Region of the Genesee & Wyoming, spoke about the company's goal to be the safest and most respected rail service provider in the world. The G&W has an injury rate of 1.67 reportable injuries for every 200,000 man hours and is right now ahead of the goal for this year of 1.50. Last year, J. D. Power did a survey of customers to find out how respected the G&W was. Over 400 customers responded and their overall satisfaction rating was 7.42 out of 10. G&W rated highly in professionalism and personnel.

Mr. Collins reported this transaction makes sense for the G&W, since the Ohio Central is a stable business and Ohio is accepting of railroads and has growth opportunities. The G&W in its entirety will generate $100 million in free cash flow after interest payments and maintenance. It has a lot of common customers with the Ohio Central and will offer financial stability and ability to invest. They have a good working relationship with NS, CSX and other shortlines.

Mark Hastings, Executive Vice President, explained that the transaction is the sale of stock of the G&W holding company and that G&W would assume all existing Ohio Central agreements. The Ohio Central and G&W are before the Commission to request permission to assign the current Panhandle Line operating agreement.

Chairwoman Molitoris recognized Bill Strawn from the Ohio Central, and thanked him for all of his hard work over the years.

Chairwoman Molitoris asked for a motion to approve Resolution 08-18. Commissioner McOwen moved to approve the resolution and Commissioner Wolfe seconded the motion.

Commissioner McOwen, Chairman of the Panhandle Advisory Committee, reported that page 50 in the Commission packet has the minutes of the committee meeting that was held August 25 for the sole purpose of discussing the proposed assignment of the operating agreement to the G&W. The G&W made a presentation to the committee, staff provided a report, and questions and comments from the Commissioners ensued. All questions were answered very well by the G&W. There was also an opportunity for public comment at the committee meeting.

Commissioner Bennett stated she wanted to commend everybody in putting forth such a great effort in communicating and making it clear for the Commission to understand. Chairwoman Molitoris thanked Matt Dietrich for taking such a leadership role in this project. Commissioners Jackson and Wolfe stated their enthusiasm for this development.

Commissioner Lozier asked if the G&W was aware of a court order for the Marne ditch along a section of the Panhandle that requires inspection of the culvert every time it rains so that properties along the railroad are not flooded. Bill Strawn of the Ohio Central stated it is patrolled by a resident track supervisor in the area and is inspected every time it rains. ORDC and the Ohio Central are working with the Licking County Commissioners to see what other sources of funding are available for a long-term fix, which is complicated due to a highway bridge which will also need improvements to take the increased water flows. Mr. Hastings stated that he was not aware of this issue, however the maintenance person who works for the Ohio Central will continue to work for G&W and the ditch maintenance will be taken care of.

Ken Engstrom, district director for Congressman Zack Space, indicated that the Congressman wanted him to express his support for the assignment of the operating agreement to the G&W. Their office is there to help. He thanked Jerry Jacobson and Bill Strawn of the Ohio Central for all of their help in the economic development in the community. Chairwoman Molitoris thanked the Congressman for all of his support.

Roll call was taken with nine votes in the affirmative.

PROJECTS

Senator Mumper stated he wanted to express his appreciation for the work being done by ODOT, ODOD, and ORDC to create opportunities to bring people together. Congratulations to the entire Commission.

2009 Rehab Program

Lou Jannazo, ORDC's Chief of Project Development, presented a briefing on the 2009 Rehab Program. He passed out a confidential version of the projects that were submitted. He stated requests were sent out in June for project applications. There were 16 projects submitted for a total request of $6.4 Million, the summary sheet has recommendations for 10 projects to be funded at $1.3 Million in grants. An important consideration is revenue per mile versus maintenance per mile so that the ORDC can put money where it is most needed. Carloads per mile help tell us if the line is profitable. In summary, there are 10 projects recommended for funding, with six for consideration today. Because of the amounts of recommended funding, three require a vote by the commission and three are presented as approved project briefings.

Resolution 08-15 – West Central Ohio Port Authority (WESTCO) Springfield to Washington Court House Rehabilitation

Mr. Jannazo stated this is a strategic line, connecting several rail lines from Indiana to Ohio, and WESTCO is in the last stages of getting the line to a good Class 2 condition. The line requires $650,000 dollars of additional work, so staff recommends a grant of $200,000 and a loan of up to $400,000. Westco is putting in $50,000 and the railroad will manage the project and transport the ballast for free. The strategic nature of the route serves the shippers and industrial

development site for Ohio located right on this line. Mr. Jannazo stated Larry Himes is here today representing Westco. Mr. Himes is retiring, he is a key person for everything in the shortline business. He helped save the line, get businesses started, supported shortline property tax forgiveness, and has led efforts to replace three major bridges. Mr. Jannazo thanked Mr. Himes for all his hard work.

Larry Himes, Westco stated the rehabilitation program is a public-private partnership and is a great example of the private sector, railroads, shippers, and local jurisdictions working together to promote rail freight service.

Chairwoman Molitoris asked for a motion to approve Resolution 08-15. Commissioner Jackson moved to approve the motion and Commissioner McOwen seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 08-16 – Maumee and Western (M&W) Railroad Defiance Yard Phase II and Select Track Rehabilitation

Mr. Jannazo stated this is a 53 mile railroad that has a lot of potential along the Fort to Port Highway (US 24). This is a very good economic development opportunity with a lot of bad track. Focusing on small portion of the track, the Defiance yard had a washout earlier this year. Staff recommends a grant of $225,000 to be matched by M&W contribution of $75,000. This will help Defiance yard handle existing traffic. Before the ORDC provides additional grant funding, the M&W will need to make good faith efforts to obtain long term financing.

Commissioner Bennett asked about the contingency that the City of Defiance remediate its drainage problems and asked about the relationship between the railroad and the city.

Pete Bell, General Manager of the M&W, stated it is in process, and the railroad and city have been negotiating to determine the exact scope of the city's involvement. It is an ongoing discussion and he is comfortable the drainage work will be completed.

Chairwoman Molitoris asked for a motion to approve Resolution 08-16. Commissioner McOwen moved to approve the motion and Commissioner Bennett seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 08-17 – R.J. Corman Western Ohio Lines Bridge Improvements & Track Work

The briefing on page 89 of the packet details the project. It consists of bridge repairs and cross tie replacements on the SPEG and St. Marys lines to keep the railroad's speed up and costs down. Clark Raesnor, General Manager, and Rick Johnson, Chief Engineer, of R.J. Corman were present for questions.

Chairwoman Molitoris asked whether the bridge issues were discussed with bridge engineers at ODOT. Mr. Jannazo stated that they were not. Mr. Johnson stated this is a maintenance issue and that there is concrete deterioration on the SPEG Bridge. Chairwoman Molitoris suggested ORDC have discussions with ODOT bridge leadership about railroad bridges in order for the state to have a comprehensive view.

Chairwoman Molitoris asked for a motion to approve Resolution 08-17. Commissioner Sowers moved to approve the motion and Commissioner Murdock seconded the motion. Roll call was

taken with nine votes in the affirmative.

APPROVED PROJECT BRIEFINGS

Ashland Railway Bridge Deck Replacement

Mr. Jannazo stated the Ashland Railway needs to repair a bridge deck on the line between Mansfield and Ashland for continued services to six rail users. ORDC will provide a grant of $50,000, to match $50,000 from the railroad.

Don Cleland, General Manager of Ashland Railway stated this is a maintenance and safety issue and a very important project for future continuation of this line.

Camp Chase Rehabilitation, Phase III

Lou Jannazo reported this is the third and final phase of a 10.7 mile rehabilitation project. Camp Chase will have good service on the line once this is completed. ORDC will provide a grant of $100,000, to match $100,000 from the railroad.

Rob Tkasch from Camp Chase stated the partnership with the ORDC is allowing a little railroad to grow and position itself for the future, and the railroad appreciates the support.

Ohi-Rail Bridge Repairs, Phase II

Lou Jannazo reports ORDC is making a $25,000 grant to Ohi-Rail to finish a bridge project that the ORDC approved in March. The costs to install new bridge ties came in much higher than anticipated and the initial project could not be completed.

Powell Felix from Ohi-Rail stated the bridge decks really need to be completed. They have new traffic on the line, about 30 cars per year initially from Aluminum One, and would like to finish the project.

JOBS AND CARLOADS REPORT

Beverly Lee, Planner, stated that ORDC grants require recipients to report rail car shipments and jobs created and retained for a period of three years. Her Jobs & Carloads Report is on the last page of the Commission packet. Eight companies are now being monitored, one is being asked to repay 50% of the grant amount because no carloads have been created and another is being closely monitored. The six others are doing well.

Commissioner Bennett thanked Ms. Lee for the information, and observed that the report shows the Commission is making good decisions, with most companies exceeding carload commitments.

REPORTS OF THE STANDING COMMITTEES

Finance Committee

Commissioner Tom McOwen, Committee Chair, stated they have not met in the last 60 days but will get back on track.

Human Resources Committee

Commissioner Solomon Jackson, Committee Chair, stated they held a meeting on August 25th to discuss the second half of their original agenda. The big question is whether ORDC is

strategically staffed to meet the influx of demands with the current rail renaissance. The committee discussed special needs/issues whether we have or can get the expertise we need. Commissioner Jackson expressed a concern about not having a full time rail inspector and stated that he hopes to make progress on this.

Economic Development/Long-Term Strategy Committee
Commissioner Barbara Bennett, Committee Chair, stated there is a meeting following the Commission meeting today. They want to be consistent with the goals being pursued by ODOT and ODOD.

NEW BUSINESS

Norfolk Southern Double Stack Clearance Project
Commissioner Jackson recued himself. Director Dietrich reported that ORDC has been working with two metropolitan planning organizations (MPOs) to continue the double stack clearance that is a part of the Heartland Corridor and Rickenbacker Intermodal Terminal. The concept is to move onto Cincinnati and clear the double-stack routes between Columbus and Cincinnati to provide better logistics and better intermodal service. ORDC didn't want to bring the project to the commission until funding was finalized, however, the Mid Ohio Regional Planning Commission (MORPC) requires public agency sponsors to pass legislation supporting the projects, otherwise the project's score will be reduced. The overall project consists of impediments in the rail yard at Rickenbacker and 5 clearance projects between Columbus and Cincinnati. ORDC is the public sponsor of the Norfolk Southern applications to both MORPC and the Ohio-Kentucky-Indiana Council of Governments (OKI). OKI has already awarded $1.0 million in federal CMAQ funds for FY 2012

Chairwoman Molitoris asked for a motion to approve Resolution 08-19. Commissioner McOwen moved to approve the motion and Commissioner Sowers seconded the motion. Roll call was taken with eight votes in the affirmative, and one recued.

Commissioner McOwen stated he is on the OKI Freight Committee and that this is an important project, so he appreciates everyone's support.

Chairwoman Molitoris asked Director Dietrich whether he has discussed the project with the District Deputy Directors at ODOT. Director Dietrich stated that staff has been working through the MPO's, and were in fact brought to the table by the regional entities. He indicated that all parties will need to work together regarding the environmental clearances needed. Chairwoman Molitoris asked Director Dietrich to inform the District Deputy Directors sooner rather than later about this project in their territories.

Commission Bennett asked whether ORDC retains an administration fee. Director Dietrich stated no, we just pass through the funds.

Commission Lozier asked about the status of the projects. Director Dietrich stated these are Congestion Mitigation/Air Quality funds awarded thru the MPO's. The funding that is being applied for is for construction.

PUBLIC COMMENT

Art Arnold from the Ohio Railroad Association commented about Larry Himes, stating that Larry always goes a step beyond and during the last budget process, Larry actively brought people to testify and letters of support for increasing the funds that were eventually awarded to the Commission. Larry was someone who really rolled up his sleeves to work. It's important to get shippers and other partners involved at budget time. It's going to be important for the people in this room to think about what they can do to help communicate to the members of the General Assembly when the budget gets here.

ADJOURNMENT

Chairwoman Molitoris called the meeting adjourned at 12:13 p.m.

TO: ORDC Commissioners
FROM: Matthew Dietrich
SUBJECT: November 2008 Executive Director's Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since the September Commission Meeting.

Overall, much of the staff's time since September has been focused on advancing existing initiatives of the Commission. Several of the major initiatives such as 3-C Amtrak Start-Up Service, the Logistics Portion of Ohio's Job Stimulus Package, and the Panhandle Long Term Lease Committee are now well under way. Other initiatives such as ORDC's participation in the 21st Century Transportation Priorities Task Force are quickly coming to an end. The big challenge for staff in the next several months will be to maintain the work level necessary to continue the current initiatives as they move to the more "staff-heavy" elements of program implementation and project evaluation while taking on new challenges. The new challenges are primarily the upcoming FY2010-FY2011 state biennium budget as well as ensuring that Ohio's rail infrastructure issues are part of the ever changing Federal discussion on transportation and infrastructure.

Heartland Corridor Extension: ORDC is working with Norfolk Southern and OKI on the analytical justification for the project. This information will then be submitted to Federal Highway Administration's Ohio Division for approval of funding. MORPC has not yet made its determination on the pending $3.3 million NS/ORDC request for the necessary improvements in the Columbus area.

Economic Stimulus Package: ORDC continues to be a very active partner with ODOD in the development of the Logistics Program. ORDC staff is part of a small "logistics team" developing all of the program criteria, guidance, procedures and applications necessary for the program. At the time of this report, it is anticipated that the program will have a rollout soon with a series of regional outreach sessions to follow. ORDC will continue to have an active role in both the public outreach and as a member of the logistics team for project evaluation.

Amtrak 3-C Service: ORDC has finished its first round of meetings with the "first-tier" cities along the line. These cities are the large metropolitan areas that are on all of the alternatives forwarded to Amtrak as potential routes. As a next step we are working with the local officials in each area to develop more detail about proposed station stops. The work for station stops in other cities will not be able to be progressed until Amtrak is farther along with its route selection. ORDC and Amtrak have also finalized a scope of work and hope to have an executed agreement after a legal review. It is our understanding that Amtrak is finishing their work for Montana and that Ohio is "next in line."

Federal Grant Funding Efforts: ORDC and FRA conducted their first conference call in regard to the recently awarded grant. It is anticipated that FRA will send a revised Scope

of Work to ORDC the week of November 10th. An important outcome of the call was the understanding of FRA that ORDC wishes to be eligible for capital grant funding for the Amtrak 3-C Startup Service in the next round of funding. This is the same 50/50 match program under which ORDC received the planning grant this year. ORDC reviewed its efforts to date with the FRA. FRA expressed its biggest concern with providing capital funding for state-sponsored passenger service is that the infrastructure investments have "long term" value to the rail network. This long term value can be attributed to improvements in a corridor that has gone through the PEIS to a record of decision (ROD) for the long term operation of passenger service on the route or in terms of improvements that will improve freight flows in the event that passenger service shifts to another corridor sometime in the future. Finally, the development of a State Rail Plan was discussed with two important outcomes. First, for the next round of funding (FFY 2009), the state rail plan is not a prerequisite of funding eligibility. That requirement will begin in FFY2010 funding. Secondly, FRA staff recommends that Ohio not proceed beyond the inventory requirements set out in statute in the development of a state rail plan because FRA has not yet developed its guidance for state rail plans. It is currently working with AASHTO to develop a best-practices workshop in the near future.

CSX Jacksonville Headquarter Visit: On September 6th, Lou Jannazo, Susan Kirkland, Megan McClory, Matt Dietrich and Commissioner Tom McOwen travelled to CSX headquarters in Jacksonville. A summary of that visit is attached to this report.

Federal Legislation Regarding Rail: ORDC staff is working with ODOT as well as States for Passenger Rail on potential rail infrastructure funding opportunities through the proposed Second Economic Stimulus Package currently being considered by Congress.

DERG: ORDC staff has a draft contract that is currently under review by the Federal Highway Administration, Ohio Division. We hope to have those projects moving quickly once the contract is approved.

FHWA Quality Improvement Review of ORDC Safety Programs: In January and February of this year the Federal Highway Administration (FHWA) conducted a Quality Improvement Review on the ORDC's federally funded grade crossing safety programs. The review was similar to a program audit and lasted approximately two weeks; FHWA reviewed all programmatic procedures and 10 specific projects in detail. The FHWA published their findings on September 22, 2008 in a report titled FHWA Ohio Division 2008 Quality Improvement Review of Ohio's Rail-Highway Grade Crossing Program. In summary the report found that Ohio's Railroad-Highway Grade Crossing Improvement Program is administered in substantial compliance with the provisions of 23 USC 130, 23 CFR 646 and 23 CFR 924. Minor modifications to project monitoring were recommended and we have targeted March 31, 2008 for the implementation of the recommendations.

Outreach: It has been a busy time for ORDC. Members of the staff have participated in the following events:

- A radio panel discussion for the export of Ohio agricultural products for the Ohio Farm Bureau;
- Meeting with Cleveland Mayor Frank Jackson and his staff regarding Amtrak Startup Service;
- Several sessions at the Toledo Freight Conference;
- Two well received sessions at the Ohio Transportation Engineering Conference in Columbus. One Session on Traffic light preemption and our partnership with ODOT Division of Traffic to develop standards for preemption and one on passenger rail efforts both in Ohio and California; and
- In partnership with ODOT Transit, staff attended a meeting with Lorain County officials for moving the West Shore Corridor Alternatives Analysis project forward.

New Commissioner: Please join me in officially welcoming Rob Greenlese as our new Commissioner.

CSX Meeting Summary
October 6, 2008

ORDC Commissioner Tom McOwen and the ORDC Management Team (Matt Dietrich, Lou Jannazo, Susan Kirkland, and Megan McClory) met with CSX executives on October 6, 2008, at CSX Headquarters in Jacksonville, Florida.

Session I, Lunch/General Discussion: Larry Ratcliffe, Jennifer Kinsella, Theresa Cardoza Rasheed, Chuck Gullakson, Tom Drake, Rusty Orben.

CSX indicated that they are constantly looking for ways to strengthen their network. They use their customer demand and projected demand to identify potential investments. CSX is noting changes in the types of traffic moving to/from Ohio (logistics and consumption) and stated that Ohio's central location results in a lot of through traffic. Specifically it was said that Ohio is well placed and a key enabler to get freight off the highways. They are seeing a lot of Ohio exports in a range of commodities from machine parts to grain, and stated that a shift from importing to exporting does not have a significant impact on CSX because their infrastructure is already in place. CSX is also working to strengthen their interfaces that serve river and lake ports and mentioned that Ohio has excellent lake ports. CSX expressed interest in the concept of "freight flow" corridors – those where highway corridors are already providing substantial movements of goods.

The National Gateway project is significant in that it will provide double-stack clearance on a primary east-west line and enhance port connectivity. CSX's primary focus is the I-90/I-95 and I-80/I-76 corridors. In the second day of meetings attended by Matt Dietrich and Susan Kirkland, CSX proposed a new safety corridor on the National Gateway from Greenwich east to the state line. CSX proposed an 80%/20% cost share with the ORDC to achieve warning device improvements and closures along the corridor.

The group talked extensively about the aggressive work being done by the Port of Toledo. CSX identified John Koch as the CSX contact for ports.

In regard to divesting rail lines in Ohio, CSX stated that they are always evaluating their network and uses of capital. Further, CSX is currently not in a divesting mode. The divestitures of Ohio rail lines in past years have been the result of prior economic conditions.

Session II, Intermodal Development: Jennifer Kinsella, Theresa Cardoza Rasheed, Chuck Gullakson, Tom Drake, Rusty Orben, Adam Bridges, Carl Warren

CSX Intermodal (CSXI) is targeting 5-10% annual growth for the next 10-15 years, although they are not growing that fast now. They stated that Ohio is a good distance from east coast ports for rail, but that for transcontinental moves, much of Ohio is in the 'red zone' or 'watershed.' The break point for truck vs. train movements is right about the distance to Ohio markets from Chicago. CSXI stated that they control their own destiny in terms of shipping from east coast ports to Ohio, but that from the west coast ports, they need to work with other roads and don't have as much control. CSXI estimated that

the rail market share from Chicago to Columbus is probably around 10%. CSXI would like to break down barriers in Chicago in regards to density, frequency, and intent. They would like to make getting trains into North Baltimore a strategic aspect for the western roads.

CSXI strategizes by obtaining predictive data (i.e. census projections) and freight data from the AAR including waybill information. They then identify their aspirational market share and then project growth. These traffic studies in general understate the results they actually achieve.

CSX indicated that they have tested, piloted, and planned a positive train control (PTC) program but weren't planning to implement it by 2015 as has now been dictated by Congress. CSX expects that their infrastructure costs alone (excluding locomotive modifications) will exceed $200 million, which is the total federal authorization amount. CSX expects that about 15,000 of its 21,000 route miles will have to have PTC under the new federal legislation. The industry-wide estimate is over $2 billion nationwide, and CSX expects the federal funds will be directed first to public agencies. CSX stated that if they are instituting new passenger service, they would not want to take on the costs of PTC where they haven't already done so or plan to do so due to their freight interests. While CSX can likely afford implementation of PTC, it may push aside other capital projects that otherwise would be funded. PTC will not, on its own, enable shorter, faster trains.

The group discussed the idea of "backward" shipments of grain in containers that are imported to the U.S. While short lines do not connect to the intermodal network, they may have a role in gathering and distributing grain. CSX said that while the idea of backward grain is a good one, the "how" hasn't worked yet. Questions remain regarding the economics, and whether it is more efficient to transload at an intermodal site or build unit hopper trains for containerization at the port destination.

CSXI stated that Ohio's current intermodal situation is enviable. CSX wants to leverage the footprint that already exists. CSXI also does what they term "off-network" intermodal such as military ordnance and containerized municipal solid waste. They encourage the Ohio Soybean Council and other groups to consult CSXI.

CSXI noted that developers are interested in North Baltimore because of the network node being sited there, but are concerned with the lack of a market in the immediate vicinity. In regard to CSX predictions about the growth of the North Baltimore facility, they expect to overachieve and that they have under-forecasted. They stated that intermodal connectors are vital and that stoplights, downtowns, and at-grade crossings are all detrimental. One worry CSX has about the N. Baltimore facility is that it is not necessarily in the interest of BNSF and UP to run through Chicago. There would likely need to be significant density, i.e. 7,000 ft. long intermodal trains all bound for N. Baltimore, to encourage the western roads to be more sanguine about running past Chicago.

In discussing other intermodal issues, officials noted that many 53 ft. domestic containers are not really carrying domestic traffic. Rather, 53 ft. boxes are being filled at the ports via transloading operations so that product can be more easily delivered to various points in the US. Containerization of truly domestic cargo is still a hard sell in many instances. Trucking giants like Hunt and Schneider have the economies of scale to make domestic containerization work but there are so many small trucking companies that

work at cutthroat low prices that cannot take advantage of large scale economies and make the capital expense to change to domestic containers.

Session III, Industrial Development: Jennifer Kinsella, Theresa Cardoza Rasheed, Chuck Gullakson, Rusty Orben, Charles McSwain

Charles McSwain commented that CSX is identifying locations where rail-served industrial parks are needed, and in particular have identified the Cleveland area. He agreed to consider issues related to the RJ Corman/CSX interchange in Lima, the Jackson line (rates for Ohio Basic Minerals), and the moving of wind turbine components. He stated that their biggest growth area is energy – ethanol, biodiesel, and photovoltaic. He also mentioned growth in plastics.

Session IV, Passenger Rail: Jennifer Kinsella, Chuck Gullakson, Rusty Orben, John Gibson

John Gibson indicated that CSX is happy to work with Ohio in considering intercity passenger rail service but that CSX will stand by its 4 pillars (safety, capacity, compensation, liability). He pointed out that Amtrak operates on 30% of the CSX network versus 12% of the NS network. He stated that they will consider passenger service if there is enough capacity to grow, and "a lot" of capacity if it is a main line being considered. CSX expects a lot more interest due to the passage of the federal rail bill. CSX will develop their own criteria by which they will evaluate passenger rail proposals.

He stated that CSX would require RTC modeling from any qualified vendor. He did mention that the model will be optimistic because of the assumptions that need to be incorporated to limit the complexity of the model. For example, the models assume infinite capacity at the endpoints of the routes under consideration, don't factor in rail yards, and have a hard time with single tracks and local trains. He later commented that ORDC could start RTC simultaneous to Amtrak's review if we know the train plan and preferences. RTC is expected to take 6-9 months, and would consist of the construction of a computer model indicating current curvature, grade, and facilities features, plus trains & speeds, running it for 9 days and then lopping off the days at the ends, observing velocity/delays by type of train, verifying data, then adding or changing the trains in the model , and running iterations that add infrastructure in order to return to the current state. RTC can be used to model multiple routes. Due to computer capacity, they can't optimize so need to do an iterative process that requires a lot of iterations to get to a good answer. CSX may require the model to go beyond the desired endpoints to fully model the impacts to the network. Mr. Gibson stated that the Atlanta study was over $1 million and a recent Chicago study over $2 million. It is possible to do two railroads in the same model, though the railroads would be concerned about confidentiality and it would be complex because both railroads may require reaching beyond the endpoints the state desires for the service. He believes it is worth trying to get to a single model, however. CSX stated that they are willing to share RTC contracts with ORDC, and indicated that Ed Hall in Mr. Gibson's group would be the appropriate contact.

Mr. Gibson pointed out that CSX would not accept a scenario in which there are windows in which the railroad cannot operate. He also added that it can take a lot of double-track to really add capacity – that incremental additions might not have enough impact. He observed that intercity passenger rail service has worked best elsewhere when no trains are run until the necessary infrastructure is in place. He

noted that "We are not going to short change ourselves on infrastructure." He said that speed differentials between freight and passenger trains actually slow the system down (and referenced VRE/CSX/Amtrak trains in Virginia), but when the trains are moving at the same speed, reliability goes up so that Amtrak service on the 3C at 60 MPH might actually work better than 79 MPH passenger trains.

In terms of positive train control, he stated that if the technology creates movable blocks for each train (instead of blocks that are fixed based on signal locations), there is a possibility for improved capacity, however that is unproven. He stated that APTA estimated $1-2 billion would be needed for the locomotives only that are owned by public transit agencies, not including track/signal upgrades on publicly-owned lines. The final wildcard on the PTC issue is the question of whether the FRA will mandate that the system be "vital." If this action is taken the costs will escalate significantly.

PTC will be required on lines that carry toxic inhalation hazards (TIH). If PTC is not required on a CSX line because TIH is not moved on it, then Amtrak or the intercity rail sponsor would need to bear the costs of installing PTC for passenger operations. CSX is conducting a separate assessment of hazmat routes and alternative routes and is selecting the 'best' based on 30-plus unweighted federal criteria. The 18-month process is expected to be completed at the end of 2009, so TIH routes may change between now and then, and also at the time of the annual review process that will be required following the initial assessment.

Mr. Gibson expressed an opinion that the recent Metrolink crash hardens both sides' position in relation to liability. The indemnification of freight railroads by those running passenger trains creates a risk-adjusted price. With Amtrak, there is a no-fault provision and Amtrak covers all passengers. Amtrak also carries $500 million in insurance (more than the required $200 million) based on their assessment of risk.

The group briefly discussed the Massachusetts transaction that was announced last week and the Florida transaction that is still in negotiation. Both of those transactions have been 4-6 years in the making.

From a grade crossing safety perspective, the ORDC has already requested CSX provide information on the existing circuitry and warning time limitations, Mr. Gibson indicated that he will be the main point of contact on the Columbus to Cleveland corridor and he will consider our request in the future. He further said that CSX does not have a standard in terms of minimum warning devices at crossings along lines that carry passenger trains.

ORDC pointed out that the Cuyahoga Valley Scenic RR wants to get to downtown Cleveland with their trains.

Matt Dietrich and Susan Kirkland also had day long meetings with CSX Public Projects Engineering Staff on Tuesday to discuss specific rail-highway grade crossing safety projects in Ohio on the CSX. Major topics included safety projects related to the proposed Intermodal Block Swap Yard in Wood County,

CSX's commitment to construct a grade separation related to the Wood County project, CSX change in corporate policy and willingness to financially participate in grade crossing safety corridor projects.

OHIO RAIL DEVELOPMENT COMMISSION
INTER-OFFICE COMMUNICATION

TO: **Matthew Dietrich, Executive Director**

FROM: **Susan J. Kirkland, Manager, Grade Crossing Safety Section**

SUBJECT: **Safety Section Progress Report**

DATE: **November 5, 2008**

The following major objectives were met by the Safety Section during the last two (2) months:

ODOT, Division of Finance and Forecasting developed audit circulars for our safety projects and the circulars have been distributed to all Ohio railroads for comment. Comments were sent to ODOT by Friday, October 31, 2008. Comments were received from the following sources:

Al Davis - Tri-States Railroad Consultants (on behalf of City of Dayton)
Dan Reinsel - W&LE
Carlos Mistry - FDOT Audits
Chuck Gullakson - CSX
Stanley Taylor - Hax Technologies (subcontractor)
John Cummings - RSS (subcontractor)
Melissa Floyd - NS Miscellaneous Billing
Valerie Yeager - CSX Expenditure Recovery

The Division of Finance and Forecasting reports that no additional time extension requests were made. ODOT and the ORDC will be meeting in the near future to review all of the issues and discuss necessary changes to the circulars. In addition, the Ohio Railroad Association has invited representatives from Division of Finance and Forecasting and the ORDC to discuss the circulars at their meeting on November 19, 2008. ODOT's goal is to have the circulars adopted by Jan. 1, 2009.

The ORDC continues to receive constituent complaints generated through The Angels on Track Foundation website and the filing of *Dangerous Crossing Reports*. The public awareness campaign initiated by the safety advocacy organization has resulted in the generation of approximately 387 reports of dangerous conditions as of this date. Susan Arduini continues to monitor the complaints. Susan, along with Cathy Stout and Tom Burns has developed a process to standardize ORDC responses to the complaints. The process is underway and 60 responses thus far have been generated.

Negotiation is nearly finalized between CSX and ORDC concerning the $5 million dollar commitment of FHWA Safety funds toward the North Baltimore Intermodal Project. Staff has worked closely with CSX Transportation and Intermodal to determine eligible safety improvements. We have based our negotiations with CSX on past

Practices and projects accepted by FHWA. ORDC will approach FHWA for acceptance of the plan in the near future and the project will be presented to the Commission at the January, 2009 meeting.

The Safety Section continues to progress the NS corridor on the CJ line from Columbus to Cincinnati. Unfortunately this past weekend a fatal crash occurred at a crossing in the corridor in the community of London. The crossing was equipped with flashing lights. To date, the Springfield phase of the project is completed with the exception of the installation of wayside horns. The City is poised to file with the FRA for a quiet zone on the NS corridor. The second phase of the project will be Montgomery County, City of Miamisburg. This segment includes 7 warning device installations and the potential closure of two vehicular and one pedestrian crossing. The Safety Section and NS will meet with the City of Miamisburg on November 6, 2008 to discuss the corridor and begin negotiations on the closures.

Safety Section Intern, Tom Burns has completed the task of preparing detailed spreadsheets of all crossings on the 3-C Corridor that will likely be selected for future Amtrak service. The documentation will provide a forum for the Safety Section to begin discussions with CSX and NS concerning potential crossing improvements to establish passenger service on the corridors. The CSX rail segments were discussed during our early October visit to Jacksonville. The spreadsheet for the NS segments will be submitted to NS for comment in the near future.

The ORDC and ODOT - Office of Traffic have identified that corrective action is necessary where a highway rail grade crossing with active traffic control devices (flashing lights and roadway gates) is located within close proximity to a highway/highway intersection controlled by traffic control signals. At the present time we believe there to be approximately 100 traffic signals preempted by grade crossing warning devices on Ohio roadways including non-system routes. We believe it is critical that all preempted locations be identified and reviewed. In addition we further believe that a number of locations exist where preemption should be utilized but is not in place as of today. Research has shown that a simplistic review will not reveal critical conditions that could result in a tragic situation. The review will require experts with combined knowledge in the areas of both highway traffic signals and railroad warning devices. The ORDC and ODOT have successfully let a contract to hire an expert with such knowledge to help us through this process and conduct a comprehensive review and development of a statewide standard and action plan of all such railroad crossings. CTC is the selected vendor and ODOT has negotiated and executed an agreement for the project. Actual project development has begun; a rough timeline for the three year project has been developed. Tom Burns, Safety Section Intern, is going to solicit specific crossing information from the Ohio railroad over the next few weeks. Lastly, a meeting with CTC, ODOT and ORDC will take place in early December to kick off the development of the new standard for Ohio.

Seven of the crossings selected for possible improvement, via the PUCO prioritization process, were selected as valid projects by the Diagnostic Review for upgrade in FY 2009. The locations are outlined below.

Cuyahoga County, McCracken Road, AAR #524232N NS and Cleveland Commercial, Rank 6

Marion County, Ulsh Rd, TR 250 (Claridon Twp.), CSX AAR #262061N, Rank 12

Allen County, Village of Cairo, Main St, CSX, AAR #155699U, Rank 42

Warren County, City of Mason, W Main St, IORY AAR #525235M,Rank 43

~~Hamilton County, City of Sharonville, Mosteller Road, NS AAR #925375U, Rank 60~~

Union County, Hoover-Bault Rd, CR 219, CSX AAR #513806V, Rank 70

~~Medina County, White Rd, TR 92 (Westfield Twp.), W&LE AAR #473551N, Rank 76~~

Putnam County, TR P9 (Pleasant Twp.), CSX AAR #155713M, Rank 79

Champaign County, Thackery Rd, CR79, IORY, AAR #258740V, Rank 81

ACCOMPLISHMENTS REPORT
PLANNING AND PROJECT DEVELOPMENT
September 8 to November 6, 2008

PLANNER	DEVELOPMENT SPECIALISTS
Don Damron	**Lou Jannazo**
	Bev Lee

FIELD & TRACK INSPECTION

- Field inspections of proposed Cincinnati station sites.
- Field review of possible passenger routes through Youngstown.
- Field inspection or Ormet owned line from Powhatan Point to Ormet plant along the Ohio in Monroe County.
- Field review of W&LE crossings on Akron Sub with RR and Safety Section.
- Field review of new track into Ohio Basic Minerals on the Jackson line.
- Field inspection of Greenfield area rail logistics and Greenfield Industrial Park.
- Field inspections of two problem bridges over Panhandle.

ADMINISTRATIVE

- Helping to find pool of students for possible internship to help ORDC with passenger planning.
- Continued staffing new Commission sub-committee on the Panhandle lease
- Helped prepare agendas and briefing packets for November 13, 2008 meeting including 3 project briefings and 2 approved project briefings.
- Continued updating contract and contract amendment tracking system to keep better account of various EPA and Taxations clearances and the contracting process.
- Developed grant agreements for 6 projects approved at September meeting.
- Did grant agreement amendments to extend time for select projects and to reflect changes in scopes of work and termination dates.
- Did OEPA and Ohio Taxation background checks on various grant recipients.
- Personnel annual reviews for Staff.
- Don Damron has taken over as ORDC Webmaster and continues to update our site.

TRAINING

- No activity.

FREIGHT PROJECT DEVELOPMENT AND IMPLEMENTATION

New Project Development/Continued Project Development

- Developed commitment letter for MAW hot start loan and new spur project for steel plant in Lorain.
- Helped with initial discussions about getting the rail line from Powhatan Point to Omal reopened for a newly located steel fabricating company as well as a recently reopened aluminum plant.
- Helping rail users on the Midland City to Greenfield line address issues about how future rail service will be structured on the marginally profitable branchline.

- Investigated new & ongoing spur projects such as Ametek Plastics in Wapakoneta, Ohio Basic Minerals in Jackson, two confidential steel projects in NE Ohio, transload projects in Stoney Ridge and Uhrichsville, a spur reactivation in east Columbus, as well as other projects.
- Continued working on Warren Steel Holding project; helped with final bids for off site work and bureaucratic logistics of various funding sources.
- Continued working with City of Jackson, Jackson County Economic Development, US Rail, ODOD and others on raising funds for Phase II of Jackson Line rehabilitation and revising the current scope of work to add a bridge and tunnel.

FY 2009 Track Rehabilitation Program:

- Proceeded with W&LE and I&O projects on the November 13 agenda.
- Coordinated with applicants to get more needed information about most of the applications.

Diesel Emissions Reduction Grant (DERG) Program

- Investigated issue and wrote letter to FHWA requesting that full locomotive replacement costs be allowable under DERG program. (FHWA will only pay for locomotive parts that produce/reduce emissions and not entire new locomotive.)
- Obtained detailed listing of which locomotive components are integral integral to emissions.
- Drafted a proposed ORDC – RR Grant Agreement through which to channel FHWA funds to railroads awarded DERG funding for new locomotives, APUs, hot starts, etc.

PASSENGER PLANNING

Ohio Hub

- Continued working on efforts to obtain federal earmarks for the PEIS. Don Damron and Stu Nicholson continue to provide information to various Congressional offices.
- Provided background planning for field review by ORDC, the Mayor of Youngstown, and Congressman Ryan.
- Continued work and coordination with other states and railroads on Ohio Hub Study.
- Continued with various meetings and presentations on Ohio Hub plan.

Amtrak 2C/3C Corridor Investigations

- Helped develop scope of work for ORDC funded, Amtrak study of 3C corridor.
- Coordinated with FRA on the amount of planning work ORDC would need to do in order to be able to apply for federal funding for the proposed start up Amtrak service.
- Developed detailed work timelines to be able to have service start in 2010 or 2012.
- Developed short term "to do" list for ORDC actions to be taken in the next 6 months.
- Started follow up work on station locations getting more details on proposed sites. Field inspection of Cincinnati sites.

Other Passenger Initiatives

- Continued coordination with the MWRRI study effort by participating in meetings and

calls.

- Continued supporting local efforts to develop passenger service, particularly in west Cleveland.
- Kept abreast of passenger issues in across Ohio and nationally through participation in the States for Passenger Rail.
- Actively participated in AASHTO Passenger Rail Legislative Policy Team efforts for increased federal funding in the new federal transportation bill.

OTHER PLANNING INITIATIVES

Panhandle Lease Sub-Committee: Participated in sub-committee meetings; participated in field inspection of Panhandle and W&LE lines between Columbus and Pittsburgh.

Governor's Logistics Program: Continued helping shape the criteria for $100 million program for new logistics and distribution projects at request of Ohio Department of Development.

Abandonments

- Continued support for Alro Corp. efforts to keep NS service to its Toledo facility, the former Art Iron plant for which ORDC paid $75,000 to establish rail service 4 years ago.

Miscellaneous:

- Participated in visits to Ohio Central and CSX headquarters to review strategic issues.
- Continued monitoring the Gateway project.
- Continued coordination with CSX on N. Baltimore project.

MISCELLANEOUS

- ***SCORT:*** No activity.
- ***Liability Task Force:*** No activity.
- ***Glass Rock Branch:*** Continued helping with oversight of Z&W efforts to get excursion services going on ORDC owned line.

SAFETY

- Continued working with ODOT District 7, FHWA, ORDC Safety Section, and Ametek to close US 33 grade crossing now used by Ametek for tail room for switching in Wapakoneta.
- Gave Operation Lifesaver presentations at Columbus elementary school.

WPDOCS/AccomplishmentsCommission

MEMORANDUM
November 5, 2008

TO: ORDC Commissioners
FROM: Megan McClory
SUBJECT: Finance Report

Accomplishments and Highlights of the Finance Section from September 4 to November 5, 2008:

1. **Financial Statements.** Staff has prepared statements to reflect current outstanding loans, revenue collection, and project balances.

2. **ORDC Staffing Updates.** We are in the process of hiring a second college intern, this one a planning student who can assist with passenger rail-related activities. We are currently reviewing resumes from interested students.

3. **Greater Ohio Ethanol.** ORDC loan recipient Greater Ohio Ethanol in Lima filed for Chapter 11 bankruptcy on October 14. The original loan amount was $1 million; approximately $107,000 has been repaid to date. ORDC is a secured creditor, with a first position on the on-site rail infrastructure and a claim on the per car rebate provided by the rail carrier. GOE cites the tight credit market as well as a design problem that is causing excessive water use in the manufacturing process as the causes of the financial difficulties. The plant is continuing to operate (as of November 4) and intends to restructure its debt. A meeting of the creditors of GOE is scheduled for November 20, 2008, and ORDC will attend. ORDC legal counsel Alan Klodell is actively monitoring the situation and will represent ORDC's interests as needed.

4. **Marne bridge.** ORDC staff has been working for several months to address a bridge over the Panhandle Line in Licking County that is in poor condition. The bridge provides the sole source of highway access to two properties on the north side of the line. We have concluded that the bridge most likely belongs to the railroad (as opposed to being owned by the local highway authority), and believe ORDC should address the problem. We have determined that the best course of action in the long-term is to remove the bridge and are working with the Ohio Central to provide a grant for them to undertake such a project. In the meantime, the Ohio Central has reached a verbal agreement with an adjoining property owner for a temporary driveway that will provide access the two properties (one of which is owned by said adjoining property owner). The temporary driveway will allow emergency and medical/support care providers to access the properties.

5. **2010-2011 Budget.** The Office of Budget and Management has scheduled a meeting for November 14, 2008, that includes representatives of OBM, ORDC, ODOT, and the Governor's Office, to discuss passenger rail.

6. **2009 Meeting Schedule.** The proposed 2009 meeting schedule is attached for your information.

OHIO RAIL DEVELOPMENT COMMISSION
APPROPRIATION LEDGER
For Month Ending October 31, 2008

FUND	SAC	FEDERAL STATE/OTHER	ORIGINAL APPROPRIATION	TRANSFERS / REDUCTIONS	UNASSIGNED	ADJUSTED APPROPRIATION	OPEN ENCUMBRANCES	TOTAL DISBURSED	UNENCUMBERED BALANCE	PERCENT UNOBLIGATED	SAC DEFINITION
GRF	4FA5	STATE	2,696,356.00	(174,088.00)	46,200.00	2,522,268.00	350,000.00	3,800.00	2,122,268.00	84.14%	GRANT (ALL)
GRF	465M	STATE	63,608.00	0.00	3,513.00	63,608.00	14,452.80	20,932.20	24,710.00	38.85%	PERSONAL SERVICE/OTHER
GRF	4651	STATE	726,000.00	0.00	2,894.85	726,000.00	0.00	241,673.81	481,431.34	66.31%	PAYROLL
GRF	4652	STATE	179,036.00	(300.00)	6,106.97	178,736.00	44,118.00	51,987.24	76,523.79	42.81%	OFFICE EXPENSE
GRF	4653	STATE	0.00	300.00	300.00	300.00	0.00	0.00	0.00	0.00%	OFFICE EQUIPMENT
	FUND TOTAL		**3,665,000.00**	**(174,088.00)**	**59,014.82**	**3,490,912.00**	**408,570.80**	**318,393.25**	**2,704,933.13**	**77.48%**	**FUND TOTAL - GRF**
7002	4FN7	FEDERAL	1,331,200.00	9,983,353.96	0.00	11,314,553.96	151,891.41	5,708.59	11,156,953.96	98.61%	GRADE CROSSING PAVEMENT
7002	4FP1	FEDERAL	668,800.00	0.00	21,121.49	668,800.00	0.00	206,716.31	440,962.20	65.93%	GRADE CROSSING SAFETY'S PAYROLL
7002	4FP7	FEDERAL	11,000,000.00	1,838,958.85	0.00	12,838,958.85	2,034,320.00	10,189.75	10,794,449.10	84.08%	GRADE CROSSING DEVICES
	FUND TOTAL		**13,000,000.00**	**11,822,312.81**	**21,121.49**	**24,822,312.81**	**2,186,211.41**	**222,614.65**	**22,392,365.26**	**90.21%**	**FUND TOTAL - 002**
3B90	8FB5	FEDERAL	10,000.00	0.00	0.00	10,000.00	0.00	0.00	10,000.00	100.00%	FEDERAL RAIL - SUBSIDY
	FUND TOTAL		**10,000.00**	**0.00**	**0.00**	**10,000.00**	**0.00**	**0.00**	**10,000.00**	**100.00%**	**FUND TOTAL - 3B9**
4N40	6FC9	OTHER	1,928,536.00	(72.00)	0.00	1,928,464.00	170,000.00	0.00	1,758,464.00	91.18%	RAIL TRAN - LOANS
4N40	6FD9	STATE	763,700.00	0.00	0.00	763,700.00	0.00	0.00	763,700.00	100.00%	PANHANDLE LEASE PAYMENT
4N40	6111	STATE	182,964.00	72.00	0.66	183,036.00	0.00	63,637.54	119,397.80	65.23%	PAYROLL(PROPERTY MGNT)
	FUND TOTAL		**2,875,200.00**	**0.00**	**0.66**	**2,875,200.00**	**170,000.00**	**63,637.54**	**2,641,561.80**	**91.87%**	**TOTAL - OTHER ASSISTANCE**
	GRAND TOTAL		**19,550,200.00**	**11,648,224.81**	**80,136.97**	**31,198,424.81**	**2,764,782.21**	**604,645.44**	**27,748,860.19**	**88.94%**	

OHIO RAIL DEVELOPMENT COMMISSION: November 2008 Finance Report

GRF APPROPRIATION AVAILABLE FOR PROJECTS

GRF APPROPRIATION FOR PROJECTS		**2,696,356**
LESS: BUDGET REDUCTION		**(174,088)**
LESS: PROJECTS ENCUMBERED or DISBURSED		
TMACOG 2008 Freight Conference	**2,500**	
Ohio Operation Lifesaver	**1,300**	
Warren & Trumbull Railroad/Warren Steel Holdings	**300,000**	
Ashland Railway Bridge Deck Rehabilitation	**50,000**	
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED		
WESTCO Port Authority Track Rehabilitation	**200,000**	
MAW Defiance Yard & Track Rehabilitation	**225,000**	
RJ Corman Bridge & Track Rehabilitation	**163,070**	
Camp Chase Rehabilitation, Phase III	**100,000**	
Ohi-Rail Bridge Repairs, Phase II	**25,000**	
LESS: PROPOSED GRF COMMITMENTS FOR FY 2009		
I&O Blue Ash Rehabilitation	**251,449**	
W&LE Akron Sub Crossing Safety Improvements	**175,000**	
Lawrence County Port Authority	**80,000**	
TOTAL	*1,573,319*	*-1,573,319*
BALANCE OF GRF APPROPRIATION FOR PROJECTS		***948,949***

RAIL FUND 4N40 - REVOLVING LOAN FUND	**Uses of funds**	**Spending Authority**	**Cash**
Cash Balance as of 11/6/08			**5,802,067**
LESS: OPEN ENCUMBRANCES	2,942,583		
LESS: PANHANDLE RESERVE FUND	763,700		
TOTAL	*3,706,283*		*-3,706,283*
FISCAL YEAR 2009 APPROPRIATION		**2,111,500**	
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgeted)	182,964		
LESS: PROJECTS ENCUMBERED or DISBURSED			
Lancaster Port Authority/US Corrugated	**170,000**		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
WESTCO Port Authority Track Rehabilitation	**400,000**		
LESS: PROPOSED LOAN COMMITMENTS FOR FY 2009			
Maumee and Western Hot Starts	**90,000**		
TOTAL	*842,964*	*-842,964*	*-2,111,500*
APPROPRIATION BALANCE OF FUND 4N40 AVAILABLE FOR PROJECTS		***1,268,536***	
CASH BALANCE OF FUND 4N40 AVAILABLE*			***-15,715***

**Funding projects beyond the appropriation balance would require Controlling Board approval.*

FY 2009 Project Balance Summary

Remaining GRF Appropriation for Projects	**948,949**
Remaining 4N40 Appropriation for Projects	**1,268,536**
Balance of ORDC Appropriations for Projects	**2,217,485**

Revenue Received FY 2009
October 2008

Name	CT #	Invoice #	Reimburse-ments 7002/GRF	Refund 4N4(53490)	Gas & Oil Leases, Royalties and Other - 4N4 (49995)	ORDC Loan Payment - 4N4 Fees (29991)	ORDC Loan Payment - 4N4 Princ. (79955)	ORDC Loan Payment - 4N4 Inter. (79956)	Running Total
Ashland Railway	Electronic						8,485.97	425.24	491,457.65
I&O (FCP)	Electronic						4,118.99	271.08	495,847.72
MIC	Electronic						4,550.00	0.00	500,397.72
Maumee & Western RR	Electronic						2,300.05	158.42	502,856.19
SST Port Authority	Electronic						4,847.18	254.22	507,957.59
WESTCO	Electronic						3,666.67	0.00	511,624.26
W&LE (VL)	Electronic						0.00	890.00	512,514.26
Kleese	32				51.76				512,566.02
Carroll Electric Cooperative, Inc.	33	RA0018			250.00				512,816.02
Eastern States Railroad	34	RA0016					20,880.08	1,125.01	534,821.11
Resource Energy	35				154.84				534,975.95
Rail Staff (reimburse phone calls)	36		18.76						534,975.95
Portage County (Solid Waste)	37	RA0024					1,328.98	45.59	536,350.52
Level 3 Communications	38	RA0028			250.00				536,600.52
Village of Minerva	39	RA0029			250.00				536,850.52
Genesee & Wyoming (C&ORR)	40	RA0030			2,500.00				539,350.52
NCL Natural Resources	40				139.15				539,489.67
CGAS Exploration, Inc.	41	RA0027			273.19				539,762.86
		Monthly Total	18.76	0.00	3,868.94	0.00	50,177.92	3,169.56	57,216.42
		Grand Total	68.10	0.00	19,514.15	16,368.42	486,124.96	17,755.33	539,762.86

ORDC - Loan Payback (Active Loans)
November 4, 2008

		Loans	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Application, Loan, Interest & Admin. Fees	Total Payments
FY03	Portage Cty Solid Wst Mgmt. *	$80,000	$16,495	$16,495	$9,622					*$3,279*	*$83,279*
FY04	Ann Arbor Railroad **	$768,736	$121,257							*$41,846*	*$810,582*
FY04	Columbiana County Port Authority *	$2,098,047	$384,301	$268,114	$272,166	$272,166	$272,166	$136,083		*$101,451*	*$2,199,497*
FY04	W&LE (Valley Line)*	$400,000	$408,900							*$57,277*	*$457,277*
FY04	Maumee & Western *	$199,088	$29,502	$29,502	$29,502	$17,209				*$8,460*	*$207,548*
FY05	Seneca-Sandusky-Tiffin Port Auth*	$290,000	$61,217	$61,217	$10,203					*$16,267*	*$306,267*
FY05	Ashland RW (Mansfield Yard Rehab)*	$500,000	$106,935	$106,935	$8,911					*$41,285*	*$541,285*
FY05	I&O (Fulton County Processing, Ltd)*	$242,335	$52,681	$52,681	$8,780					*$24,266*	*$266,601*
FY07	Marion Industrial Center *	$273,000	$63,913	$68,569	$68,569	$68,569	$22,856			*$32,078*	*$305,078*
FY07	WESTCO *	$308,000	$44,000	$47,013	$50,026	$50,026	$50,026	$50,026	$25,013	*$35,760*	*$343,760*
FY07	Greater Ohio Ethanol *	$1,000,000	$166,565	$166,463	$166,463	$166,463	$166,463	$166,463	$83,232	*$152,135*	*$1,152,135*
FY06	Harrison Ethanol ***	$500,000									
FY06	Wheeling & Lake Erie ***	$150,000									
FY07	Village of Leipsic ***	$825,000									
FY07	Warrenton River Terminal ***	$200,000									
FY07	Wheeling & Lake Erie ***	$378,600									
FY08	MGQ, Inc. ***	$300,000									
FY08	WESTCO (Sugar Creek Bridge) ***	$400,000									
FY08	City of Jackson ***	$300,000									
FY09	Lancaster Port Authority ***	$170,000									
		$9,382,806	**$1,455,764**	**$816,988**	**$624,242**	**$574,434**	**$511,511**	**$352,572**	**$108,245**	*$514,104*	*$6,673,310*

Loan Amount Received to Date: **$557,017**
Loan Balance Due: **$898,747**

*Loans Active
**Loans Paid Off
***Loans in Process

OHIO RAIL DEVELOPMENT COMMISSION

2009 Meeting Schedule

January 15 @ 10:00 am
Vern Riffe Center, 77 S. High Street, 31st floor, South A, Columbus

March 12 @ 10:00 am
Vern Riffe Center, 77 S. High Street, 31st floor – South B&C, Columbus

May 14 @ 10:00 am
Vern Riffe Center, 77 S. High Street, 31st floor, South B&C, Columbus

July 9 @ 10:00 am
Vern Riffe Center, 77 S. High Street, 31st floor, South B&C, Columbus
(location is tentative and will be confirmed at a later date)

September 10 @ 10:00 am
Vern Riffe Center, 77 S. High Street, 31st floor, South B&C, Columbus
(location is tentative and will be confirmed at a later date)

November 12 @ 10:00 am
Vern Riffe Center, 77 S. High Street, 31st floor, South B&C, Columbus
(location is tentative and will be confirmed at a later date)

This schedule is subject to change. Please visit the ORDC website at www.dot.state.oh.us/ohiorail prior to the scheduled meeting or call the Commission office (614-728-9497) to confirm the date and location.

PROJECT BRIEFING:
I&O BLUE ASH LINE REHABILITATION

November 5, 2008

Project Costs	
ORDC Grant	**$251,449**
I&O Funds	**$251,449**

Project Benefits

Reduced Derailment Costs
Improved Viability of Rail Operations
Improved Safety in Densely Populated Area
Enhances Service for 8 Shippers/141 Employees

INTRODUCTION: The Indiana & Ohio Railway (I&O) requests that ORDC provide up to $251,449 to cover 50% of the costs of a $502,898 project to rehabilitate the I&O owned Blue Ash line between MP 40.3 and MP 49.6. Work includes replacing up to 4,070 ties, upgrading up to 8 turnouts, surfacing, and related track rehabilitation work.

BACKGROUND

Brief History of Short Line Operations: In 1985 Conrail filed to abandon its 9.84 mile long Blue Ash Line between McCullough Yard in Norwood (MP 49.6) and Brecon (MP 39.76). At the time there were 5 rail dependent shippers along the line that generated about 1,500 carloads of freight a year. It was estimated that 300 jobs would be lost if rail service were to cease. A public – private partnership was assembled to preserve the line by acquiring it from Conrail and improving it through a track rehabilitation project. The I&O purchased the line in December, 1986 for $362,000 with the State of Ohio providing $167,000, the I&O providing $99,000, the Blue Ash Community Improvement Corporation providing $75,000, and the City of Blue Ash providing $21,000. (The State funds were Ohio Department of Development 412 funds which the Ohio General Assembly designated be used by the Ohio Department of Transportation (ODOT), Division of Rail for rail projects.)

In 1987, the State and the I&O partnered to rehabilitate the line with the State providing $231,126 and the I&O providing $154,084. The State utilized Federal Railroad Administration funds procured by the ODOT Division of Rail.

The I&O has operated the line since 1987 without any further public assistance.

Current Situation: A map of the I&O Blue Ash line is included as Exhibit "A". Track charts for the line are included as Exhibit "B". The Blue Ash line terminates in the south at McCullough Yard. From McCullough Yard, the I&O has connecting tracks to the Cincinnati Terminal Railroad (CTER) "Oasis" Line which connects at the north end to the Norfolk Southern Sharonville Yard. The CTER and I&O are both in the RailAmerica family of railroads. In addition, the I&O has lines and trackage rights from McCullough to the CSX major classification yard in Cincinnati, Queensgate. Traffic from the Blue Ash Line can come and go via McCullough to the I&O Midland Subdivision line which runs from Cincinnati to Washington Courthouse to Columbus. From the Midland Sub, the I&O has a connection at Washington Court House which links to an extensive RailAmerica system of railroads that reaches the Detroit area and Canadian National, as well as the Chicago area and the BNSF, Canadian Pacific, and Union Pacific.

Rail line users include Brendamour Warehousing (Blue Ash), Combined Container Board (Blue Ash), Commonwealth Warehouse (Cincinnati), Fiber Glass – Evercoat (Brecon), H.B. Fuller Company (Blue Ash), Meier's Wine Cellars (Silverton), Smurfit-Stone (Blue Ash), and S. Rosenthal & Company (Blue Ash). These rail users employ 141 people. Major commodities shipped include pulp board, vinyl acetate, talc, and newsprint. Carloadings for the last three entire years are as follows:

2005: 1,132 cars **2006: 1,217 cars** **2007: 687 cars**

Carloadings have been rebounding in 2008 with 671 handled from January to May.

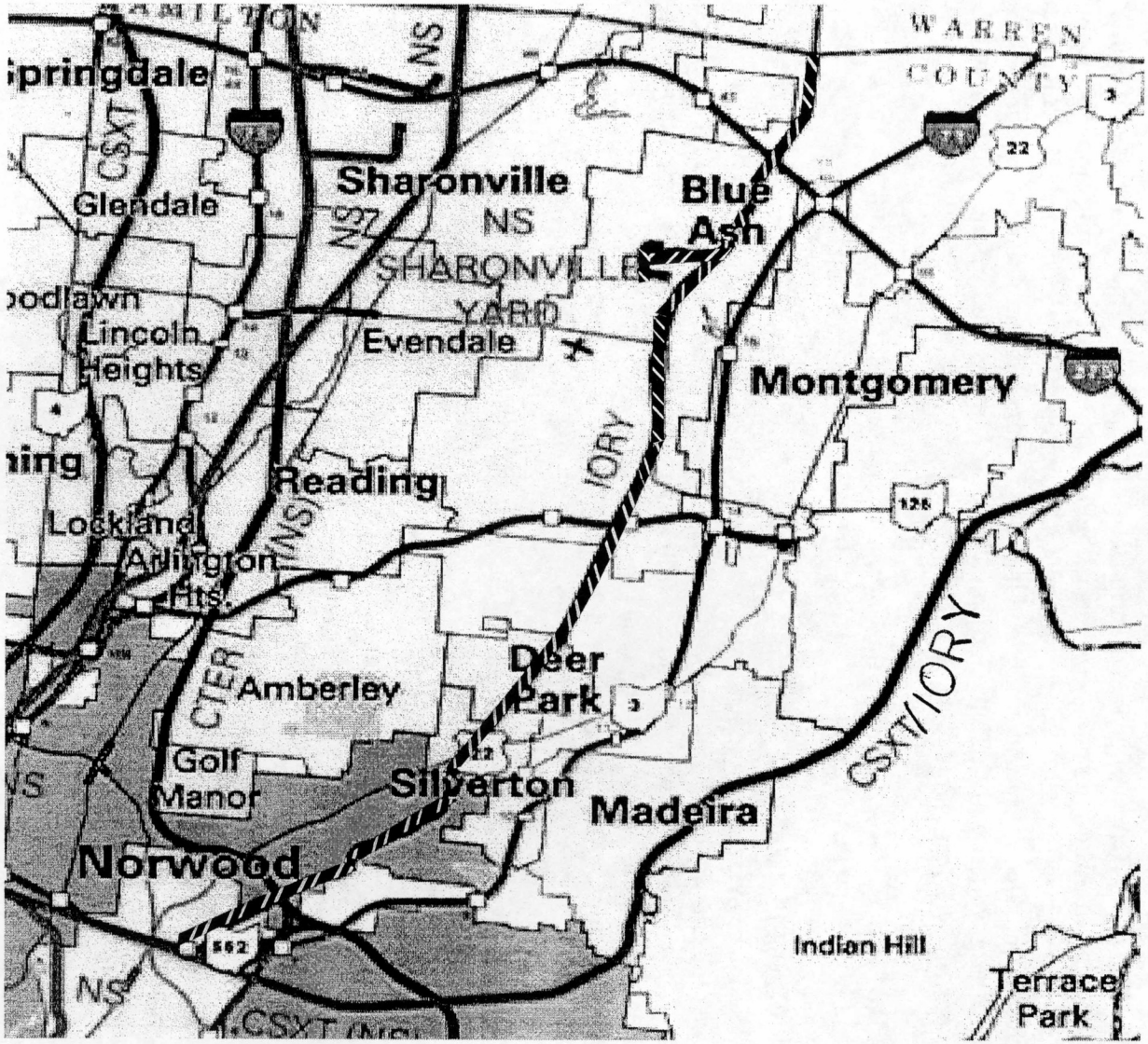
The line has been marginally profitable for the past 3 years. I&O investment in maintenance and capital improvements has been greater than net profits. The condition of the track has decreased the cost effectiveness of serving rail users. There have been 12 derailments in the past two and a half years which have increased I&O costs while causing inconsistent rail service to customers.

PROJECT DESCRIPTION: A detailed description of the proposed project is included herein as Exhibit "C". The project consists of installing up to 4,070 ties including up to 400 ties per mile along the mainline track, installing up to 200 ties in the Blue Ash runaround, installing up to 270 ties in the H.B. Fuller Lead, renewing up to 8 turnouts, and select surfacing, lining and ballast. The track is currently in a low FRA Class I (10 MPH) condition. Without work it will slip into "Excepted" status. Work would be done by a contractor selected through a competitive selection process. The I&O would be responsible for continued maintenance.

WHY IS ORDC FUNDING IS NEEDED: The economics of the line are marginal. The ORDC funding will ensure a good track rehabilitation project is performed on the line.

PROJECT BENEFITS

- Rail service enhanced to shippers employing 141 people.
- Economic viability of the line is improved; I&O estimates that it will save $20,000/yr. in derailment costs, $18,000/yr. in crew costs, and $15,000/yr. in maintenance costs. These savings will help the I&O better maintain the line in the long term.
- Safer operations through densely populated areas.



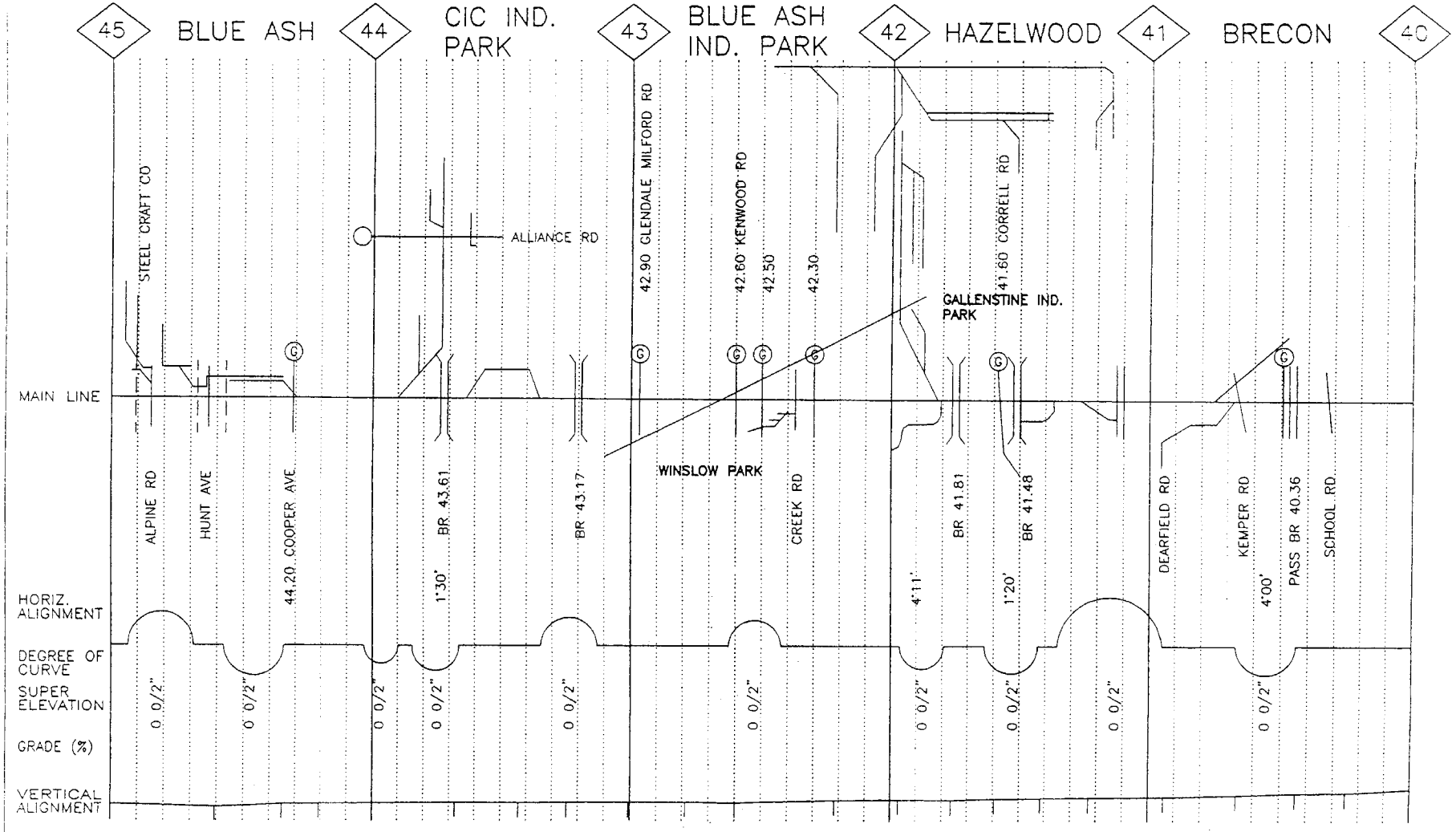
BLUE ASH LINE

"A"

CROUCH ENGINEERING®

INDIANA & OHIO RAILROAD Track Chart	PAGE: 1 of 4	LAST REVISED DATE: 5-21-2003	BLUE ASH MP 45 – MP 50

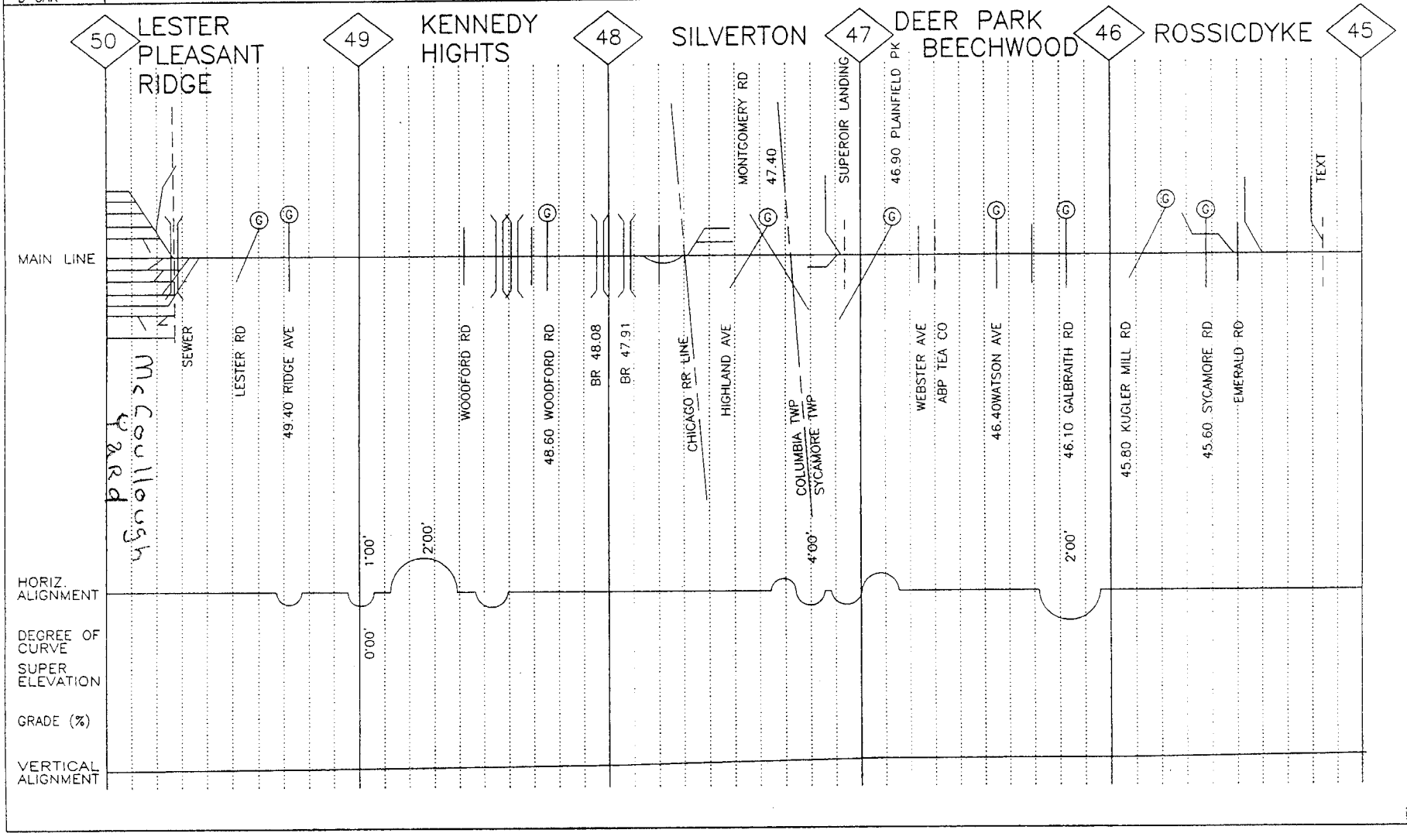
MAIN LINE
RAIL
TIES
SURFACING
BALLAST
W. CONTROL
SPEED
T. CONTROL
GEO CAR
E. CAR



CROUCH ENGINEERING®

INDIANA & OHIO RAILROAD Track Chart	PAGE: 2 of 4	LAST REVISED DATE: 5-21-2003	BLUE ASH MP 45 – MP 50

MAIN LINE
RAIL
TIES
SURFACING
BALLAST
W CONTROL
SPEED
T CONTROL
GEO CAR
D CAR



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B
2 OF 2

Cost Estimate

Location	Blue Ash	Date	7/28/2008
Railroad	IORY	Revised	8/21/2008
Sub Division	Blue Ash		
Description	Ties, surface, switch ties		

	Description of Work	Unit	Quantity	Unit Price	Total Capital
Land	Right of way acquisition	AC	0	$ 6,000.00	$ -
Grading	Embankment	CY	0	$ 5.00	$ -
	Excavation	CY	0	$ 14.00	$ -
	Rock Excavation	CY	0	$ 20.00	$ -
	Clear & Grub	AC	0	$ 4,000.00	$ -
	Seeding	AC	0	$ 2,000.00	$ -
	Place Topsoil	CY	0	$ 10.00	$ -
	Utility Relocation	EA	0	$ 15,000.00	$ -
	Poleline Removal	LF	0	$ 0.75	$ -
	Driveway stone	TN	0	$ 18.00	$ -
Bridges	Bridges	LS	0	$ -	$ -
Construct Track	Track, 90 lb SH	TF	0	$ 58.42	$ -
	Track, 115 lb SH	TF	0	$ 27.00	$ -
	Track, 115 lb New	TF	0	$ 27.00	
	Track, 136 lb SH	TF	0	$ 83.73	$ -
	Track, 136lb New	TF	0	$ 87.67	$ -
Turnouts	# 8 SH hand throw	EA	0	$ 25,000.00	$ -
	# 10 SH hand throw	EA	0	$ 35,000.00	$ -
Track Renewal	**Purchase cross ties IG**	**EA**	**4070**	**$ 36.00**	**$ 146,520.00**
	Install cross ties IG	**EA**	**4070**	**$ 30.00**	**$ 122,100.00**
	Renew Switch tie	**EA**	**213**	**$ 110.00**	**$ 23,430.00**
	Purchase Switch tie set - # 8	**SET**	**3.5**	**$ 9,200.00**	**$ 32,200.00**
	Renew Switch tie set - # 9	SET	0	$ 8,848.00	$ -
	Purchase Switch tie set - # 10	SET	0	$ 9,265.00	$ -
	Renew Switch tie set - # 11	SET	0	$ 10,156.00	$ -
	Renew switch points	SET	0	$ 7,200.00	$ -
	Renew stock rails	SET	0	$ 3,500.00	$ -
	Renew switch plates	SET	0	$ 700.00	$ -
	Renew Frog	EA	0	$ 9,000.00	$ -
	Renew Guard Rails	SET	0	$ 2,600.00	$ -
	Renew turnout rails	Sw	0	$ 2,500.00	$ -
	Renew Rail 115 lb SH W	TF	0	$ 31.20	$ -
	Renew Rail 115 lb New W	TF	0	$ 32.00	$ -
	Renew Rail 132 lb SH W	TF	0	$ 33.20	$ -
	Renew Rail 136 lb SH W	TF	0	$ 32.80	$ -
	Renew Rail 136 New W	TF	0	$ 41.70	$ -
	Surface Switch	**EA**	**8**	**$1,500**	**$ 12,000.00**
	Surface track - 1" raise	**TF**	**52800**	**$ 1.25**	**$ 66,000.00**

Adjust Track	Lineover Track	TF	0	$	23.00	$	-
	Relocate Turnout	EA	0	$	5,000.00	$	-
	Remove Track	TF	0	$	7.00	$	-
	Remove Turnout	EA	0	$	1,000.00	$	-
	RegageTrack	TF	0	$	3.88	$	-
Other Trk Items	**Joint bars**	**PR**	**0**	**$**	**50.00**	**$**	**-**
	Bolts	**KEGS**	**0**	**$**	**100.00**	**$**	**-**
	Spikes	**KEG**	**95**	**$**	**140.00**	**$**	**13,300.00**
	Anchors	EA	0	$	1.15	$	-
	Ballast	**TN**	**3000**	**$**	**15.00**	**$**	**45,000.00**
	Plates 6" (small)	**EA**	**0**	**$**	**7.00**	**$**	**-**
	Plates 5 1/2" (13")	EA	**1220**	**$**	**7.50**	**$**	**9,150.00**
	Plate 6" (13")	EA	0	$	4.25	$	-
	Track Panel 90lb	EA	0	$	1,350.00	$	-
	Grade Crossing Wood	TF	0	$	122.70	$	-
	Timber/ asphalt Crossing	TF	0	$	241.70	$	-
	Grade Crossing Concrete	TF	0	$	200.00	$	-
	Railroad Crossing Frog	EA	0	$	100,000.00	$	-
	Scrap Tie Disposal	**EA**	**4283**	**$**	**6.00**	**$**	**25,698.00**
	Unload Ties	EA	0	$	0.38	$	-
	Bolt Tightening	**MI**	**0**	**$**	**1,400.00**	**$**	**-**
	Broken Joint Bar Replace	EA	0	$	50.00	$	-
Work Train	**Daily Work Train**	**DAY**	**5**	**$**	**1,500.00**	**$**	**7,500.00**
Facilities	Road crossing approaches	LS	0	$	-	$	-
	Grading, General	SY	0	$	6.00	$	-
	Base Material	SY	0	$	9.00	$	-
	Paving, Asphalt	SY	0	$	16.00	$	-
Century	Track Pans - Conctete	TF	0	$	185.00	$	-
	Track Pans - Polyethlene	TF	0	$	165.00	$	-
	Move power poles	EA	0	$	2,500.00	$	-
	ROW fence	FT	0	$	5.00	$	-
Signal	Signaling and Controls	LS	0	$	-	$	-

Subtotal		**$ 502,898.00**
TOTAL CAPITAL		**$ 502,898.00**

RESOLUTION 08-22

RE: INDIANA & OHIO RAILWAY BLUE ASH TRACK REHABILITATION GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE INDIANA & OHIO RAILWAY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the Indiana & Ohio Railway (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
Robert Greenlese	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/13/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/13/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A grant in an amount of up to Two Hundred Fifty One Thousand Four Hundred Forty Nine Dollars ($251,449) (the "ORDC Grant") for the purpose of installing approximately 4,070 ties including up to 400 ties per mile along the mainline track, installing up to 200 ties in the Blue Ash runaround, installing up to 270 ties in the H.B. Fuller Lead, renewing up to 8 turnouts, and select surfacing, lining and ballast, and other related track work (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the County of Hamilton, Ohio.

The ORDC Grant is subject to the following condition:

The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

PROJECT BRIEFING:
W&LE AKRON SUB SAFETY CORRIDOR, CROSSING SURFACE AND SIGNAL PROJECT

November 6, 2008

Project Costs	
ORDC Grant	**$175,000**
W&LE Funds	**$175,000**

Project Benefits

Enhanced Safety at up to 10 Crossings
New Surfaces at 2 Crossings
Helps W&LE Increase Speeds to 40 MPH

INTRODUCTION: The Wheeling & Lake Erie Railway requests assistance with a crossing improvement project that will result in increased speeds from 25 MPH to 40 MPH along its Akron Subdivision line from just west of Medina (MP 135.4) to Akron (MP 165). Crossing improvements include two new surfaces and enhancements to existing active warning device circuitry at up to 10 crossings. W&LE seeks an ORDC share of up to $175,000 to cover 50% of costs up to the $350,000 in total project costs for this Akron Sub Safety Corridor Project. ORDC would provide up to $100,000 for crossing surface rebuilding and up to $75,000 for enhancements to active warning devices.

BACKGROUND: The Akron Subdivision is part of the former Akron, Canton, & Youngstown Railroad which connected Carey, Ohio to Akron. The map included as Exhibit "A" shows the line. As part of the W&LE mainline system, shippers on the Akron Sub have access to all of the W&LE connections to CSX, Norfolk Southern, Canadian National, as well as to a variety of short line and regional railroads including a connection in Lima to the Indiana & Ohio Railway which connects to other RailAmerica rail lines that reach the Chicago area and western Class I railroads. As a mainline, the Akron Sub has been handling between 34,061 carloads (2007) and 40,739 (2005) carloads annually. These carloads include carloads originating and terminating along the line as well as overhead traffic. Traffic includes aggregate, chemicals, lumber, wheat, pulp board, steel, and a variety of other commodities.

W&LE is committed to raising timetable speeds on this line from a 25 MPH to a 40 MPH and has already spent millions of dollars to obtain this goal. Between 2004 and 2007, W&LE, with the assistance of a Federal Railroad Administration "Railroad Rehabilitation and Improvement Financing or RRIF" loan, installed over 60,000 ties and more than 30 lineal miles of welded rail on the AC&Y line. This 2008 construction season, W&LE is finishing up the installation of over 20,000 ties on the Akron Sub portion of the AC&Y as well as surfacing, lining, drainage, and crossing improvements.

PROJECT DESCRIPTION: W&LE requests that ORDC help with the 2008 Akron Sub rehabilitation project by assisting with crossing projects. Projects for which funding was requested included totally rebuilding 5 crossing surfaces and improvements to active warning devices at 18 crossings, including the 5 where new surfaces are required. Because of budget constraints, ORDC Staff limited the total scope of the project to the 10 highest priority crossings as determined by the W&LE. Warning device improvements are needed at all the crossings with active warning devices to accommodate the higher train speeds. Operations on the AC&Y had never been over 30 MPH in recent history so that modifications to signal systems are needed to ensure that motorists at crossing have ample warning time before a train gets to the crossing. Circuits need to be lengthened to provide more lead time for activation of existing warning devices. In addition, motion sensors, speed predictors, and associated wiring improvements are required. The improvements proposed by the W&LE enhance the active warning devices already present; W&LE did not request replacement of existing devices with all new installations.

Staff of the ORDC Grade Crossing Safety Section assisted the Project Development Staff with the evaluation of the W&LE request. Staff conducted field inspections at all 18 crossings with W&LE engineering and signal

officials. ORDC Staff agreed with the W&LE assessment of the needs at all of the crossings. However, W&LE estimates for signal improvements included only the essential components for accommodating faster trains. ORDC Grade Crossing Safety Staff noted that other signal safety enhancements such as upgrading roundels with larger, LCD lights, installing "gate keepers" (a spring loaded system that provides flexibility to the control the gate arms which can reduce damage from wind or vehicles), and other enhancements, would improve safety even further.

In addition, ORDC Grade Crossing Safety Staff inspections found variances in the existing active warning devices installations from the standards in the Manual of Uniform Traffic Control Devices (MUTCD) i.e. the separation between the road surfaces and the gate masts was not sufficient at some of the crossings. These variances sometimes were the result of road projects which widened road surfaces without installing the proper curbing or moving the railroad warning device mast back further off the road. ORDC Staff informed W&LE that ORDC is precluded by FHWA from investing any of its Federal funding in projects that do not bring the crossing into compliance with MUTCD standards. Further, ORDC Staff informed W&LE that the same funding restriction would apply to crossing projects for which ORDC State funds were used. W&LE has included costs in their estimates (presented herein as Exhibit "B") for curbing or for whatever else is needed to meet the current MUTCD requirements.

In addition to looking at just improving existing active warning devices at crossing, ORDC Grade Crossing Safety Staff identified 3 crossings where all new active warning devices could be warranted instead of merely upgrading the existing devices. Staff is evaluating these 3 crossings for federal funding under the ORDC Grade Crossing Safety Program.

ORDC Staff is therefore considering TWO different programs to help the W&LE enhance safety on the Akron Sub.

- The **Grade Crossing Safety Staff** is looking at 3 crossings for possible installation of all new active warning devices using ORDC Administered **Federal Highway Administration Safety funding.** If these crossing improvements are made with FHWA funds, Staff will follow the normal Grade Crossing Safety Program procedures.

- The **ORDC Project Development Staff** is coordinating with the Grade Crossing Safety Staff to use **State General Revenue Funds** to improve 2 crossing surfaces and to make as many enhancements at the 10 crossings in Exhibit B as funding allows. State funding is more flexible than Federal funding and can be used for enhancing existing crossing circuitry. Federal funding rules require that older installations be totally replaced with new, state of the art circuitry. **Staff is currently asking Commissioners to approve only the State GRF funded portion of the Akron Sub corridor project.**

Staff recommends that ORDC Commissioners approve a grant of State GRF funds of $175,000 to the W&LE to be matched on a dollar by dollar by a like amount from the railroad. ORDC would be providing up to $100,000 for the rebuilding of 2 surfaces and would use the remainder for signal improvements. The W&LE has prioritized its needs. ORDC would use its GRF funds to fund the projects in order of W&LE priority. ORDC would not use GRF funds for signal improvements at crossings that may be improved with Federal funds until such time as the ORDC Grade Crossing Safety Section makes its determination as to whether or not to install new, state of the art installations using Federal funds at these crossings.

The Exhibit B cost estimates represent the top 10 projects on the W&LE priority list, along with the cost estimates for improvements. The cost estimates presented are for limited enhancements to the existing circuitry only, not for all new state of the art active warning device installations. Crossing surfaces estimates are for asphalt crossings with a rail seal along the rails. W&LE will administer the project or perform the project with its own forces. W&LE will be responsible for continued maintenance.

WHY ORDC FUNDING IS NEEDED: ORDC funds will ensure that the W&LE will perform more grade crossing safety improvements than it would have without ORDC assistance.

PROJECT BENEFITS

- ORDC helps W&LE raise track speeds from 25 MPH to 40 MPH improving the efficiency of W&LE operations.
- ORDC funding increases the level of investment in active warning device safety improvements at up to 10 crossings.
- ORDC funding ensures that 2 new surfaces will be installed for the benefit of the railroad and the travelling public.

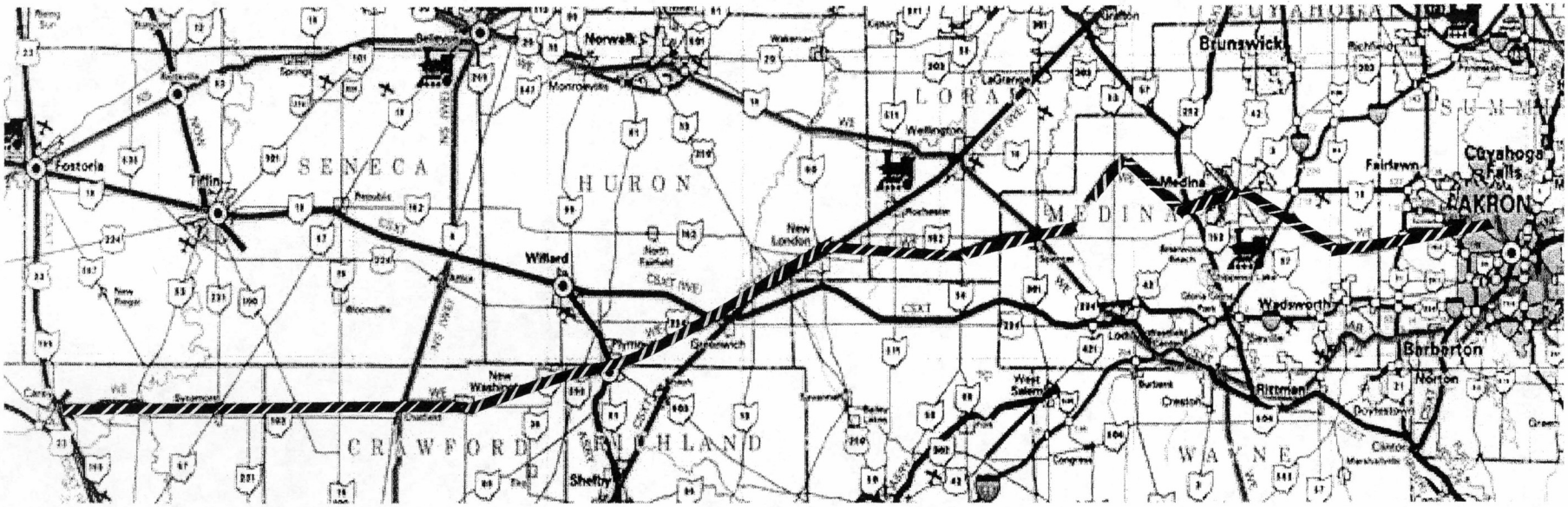
OTHER CONTRIBUTIONS: The W&LE will match ORDC investment dollar for dollar for surface and safety projects. In addition, W&LE is and has invested millions in upgrading the line for higher speeds.

SPECIAL CONTINGENCIES:

1. ORDC will provide State GRF funding for the rebuilding of 2 crossing surfaces but at least $75,000 of ORDC's total grant funding shall be used for improving active warning device circuitry and meeting the requirements of the MUTCD. If the ORDC share of the 2 crossing surface projects is under $100,000, the Executive Director of ORDC may direct additional funding toward safety enhancements of other active warning devices on the Akron Subdivision line.
2. ORDC will not contractually require W&LE to make any of ORDC's suggested improvements for any of the crossings on the Exhibit "B" priority list for which no ORDC funding is provided.

W:W&LEAkronSubCrossingsBrief

W&LE Akron Subdivision/AC&Y Line



SCOPE OF WORK: AKRON SUB CROSSING IMPROVEMENTS

PRIORITY	ROAD	SURFACE COSTS	SIGNAL UPGRADE COSTS	TOTAL COSTS
#1	Lance	$107,482	$2,489	$109,971
#2	White Pond	$107,482	$26,436	$133,918
#3	Jacoby		$39,778	$39,778
#4	State		$4,807	$4,807
#5	North*		$51,782	$51,782
#6	Castle		$49,142	$49,142
#7	Merriman*		$47,022	$47,022
#8	Boneta/Sharon Center*		$47,078	$47,078
#9	Schocalog		$13,263	$13,263
#10	Medina Line		$7,707	$7,707
TOTALS		**$214,964**	**$289,504**	**$504,468**

*** Xings Under Review for All New Active Warning Devices by Safey Section**

w:FY2009BriefingsAkronSubCostsRevised11,4,08

RESOLUTION 08-23

RE: WHEELING & LAKE ERIE RAILWAY ("W&LE") GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE W&LE UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the W&LE (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
Robert Greenlese	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/13/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/13/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A grant in an amount of up to One Hundred Seventy Five Thousand Dollars ($175,000) (the "ORDC Grant") to be matched on a dollar by dollar basis by the Company for the purpose of reconstructing two surfaces and the balance for signal improvements along its Akron Subdivision line from just west of Medina (MP 135.4) to Akron (MP 165) (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in Summit and Medina Counties, Ohio.

The ORDC Grant is subject to the following condition:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2. At least $75,000 of ORDC's grant funding shall be used for improving active warning device circuitry and meeting the requirements of the current Manual of Uniform Traffic Control Devices (MUTCD). If the ORDC share of the two crossing surface projects is less than $100,000, then the Executive Director of ORDC may direct remaining funding toward safety enhancements of other active warning devices on the Company's Akron Subdivision line.

3. ORDC will not contractually require the Company to make any of ORDC's suggested improvements for any of the crossings on the Exhibit "B" priority list for which no ORDC funding is provided.

PROJECT BRIEFING:
AMENDMENT TO RESOLUTION 08-08 FOR THE CITY OF JACKSON RAIL LINE REHABILITATION

November 5, 2008

Project Costs		Project Benefits
ORDC Grant	**$324,000**	**Improves Safety**
ORDC Loan	**$300,000**	**Facilitates New Traffic**

INTRODUCTION: At the May 8, 2008 ORDC Meeting, ORDC Commissioners approved FY 2008 funding for a grant to the City of Jackson for up to $350,000. The final grant amount was dependent on the funds remaining in the ORDC budget at the end of the FY 2008. The final grant amount was determined to be $324,000. In addition, ORDC Commissioners approved a loan of $300,000. The ORDC funding was directed toward the repair of the City of Jackson owned, US Rail operated, rail line, i.e. tie replacement and related track work on the mainline track between Chillicothe and Jackson, and on the so called AluChem lead track located primarily in the City of Jackson. A copy of the briefing and resolution from the May meeting are included herein as Exhibit "A".

The City of Jackson, in conjunction with US Rail, has requested that ORDC revise its grant and loan scopes of work to include:

1) Emergency repairs to the portal facades and other work on the Richland Tunnel at MP 122.1 of the former B&O east – west mainline near Richland Furnace, between RA Junction (just south of Chillicothe where the Jackson line connects to the CSX Columbus to Portmouth mainline) and Hamden.

2) Bridge repairs for the bridge at MP 92, also on the former B&O mainline, near RA Junction.

3) Costs for the City's needed track and engineering consultants.

BACKGROUND: US Rail applied for $200,000 for the repairs of the Richland Tunnel in August of this year. Because ORDC had already agreed in May of this year to provide the City of Jackson $324,000 in grant funding, and a loan of $300,000 with very generous terms, and because neither US Rail nor the City could provide matching funds, ORDC Staff put the tunnel repair request on hold until the November meeting. The need for track work as presented in May was to improve the safety of operations, and to facilitate new sand traffic on the line. In regard to the latter situation, Ohio Basic Minerals is committed to expanding an existing operation to process sand just outside of Jackson. Work on the expansion has begun, including the construction of a new spur track from the City of Jackson AluChem lead track to the expanding plant. The rail spur will cost about $500,000 and is being paid for by OBM.

Subsequent meetings of ORDC Staff with Jackson and US Rail officials brought to light more information. The tunnel deterioration appears to be worsening. The railroad reported that components of the portal facades had moved since previous inspections. An engineer hired by the City inspected the tunnel and recommended immediate repairs. Further, the City's engineer reported that the bridge at MP 92 needed to be addressed very soon. Both the bridge and the tunnel are located between the US Rail's only interchange, i.e. with CSX RA Junction, and all the shippers that are now using the Jackson line. The failure of either the tunnel or bridge would result in a stoppage of rail service to all customers.

The City of Jackson and Jackson County are investigating other sources of funding such as Community Development Block Grant funds to get more needed repair work done on the Jackson line. However, the lead time needed to obtain such funding precludes action on the tunnel and bridge this year as is recommended by the City's engineer. The City and US Rail requested that ORDC allow the City to revise the scope of work for

the ORDC grant and loan funding so that the tunnel and bridge could be repaired as soon as possible. The City has asked its consulting engineer, and another consultant it has retained to oversee track work on the Jackson line, to develop a scope of work as soon as possible for tunnel, bridge, and track repair. In addition, the City has requested that it be allowed to use the ORDC loan funds to reimburse costs for the consulting work it is hiring out and paying for with scarce City funds.

PROJECT DESCRIPTION:

Tunnel Repairs: The Richland Tunnel is 207 ft. long. The tunnel itself is through sandstone and is in good condition. The tunnel portals, however, are starting to fail. Failure of the portals would result in a landslide which would block the tunnel. The portals are a "timber bin wall" construction and were built about 75 years ago. The timbers form arches at either end of the sandstone structure as well as retaining walls. Pictures of the tunnel portals are included herein as Exhibit "B". The west portal is beginning to move outward, a sign that the hillside it holds up is in danger of sliding onto the tracks. Also, cracks in the ceiling of the portal arches need to be closed to prevent penetration of the portals by the hillside. A combination of gunniting and wire mesh would likely be used to resolve this latter problem. The east portal has several timbers that have failed but has not yet started to move. While the east portal is expected to be an issue in the future, the immediate concern is the west portal. An engineering firm hired by US Rail reports the west portal should be addressed soon. The City's engineer concurs and calls the situation and emergency. Immediate repairs for the Richland Tunnel include the rebuilding of the retaining walls of the west end of the tunnel and plugging holes in the west end portal arch. Some preventative maintenance work on the eastern portal could also be included. The work would be done by a competitive bid administered by the City with the help of its retained engineering expert. The City's engineer will provide the specific parameters the tunnel repair must meet, but leave it to the contractors to develop cost effective plans to meet the parameters. It is expected that contractors will propose both timber and concrete block solutions to the problem. The City, in conjunction with US Rail, would select the contractor which provides the lowest and best bid. The City and US Rail would be responsible for inspection and continued maintenance of the tunnel repairs.

Bridge Repairs: The bridge at MP 92 is a concrete box and slab structure. Concrete spalling at both ends and the bottom of the bridge has resulted in poor rankings for the bridge in a recent bridge inspection. Consequently, US Rail has slow ordered operations over the bridge. The City's engineer recommends that the concrete spalling be repaired as soon as possible. The City and US Rail would be responsible for inspection and continued maintenance of the bridge repairs.

Track Repairs: The Scope of Work for track repairs approved by ORDC in May included the replacement of 8,500 ties, the addition of 13,000 tons of ballast for surfacing and lining of the track and related work over two phases. The City's consultant for track work and US Rail are coordinating to reduce the scope of the track work to enable the more urgent tunnel and bridge work to be performed. The City and US Rail would be responsible for inspection and continued maintenance of the track repairs.

Proposed New Scope of Work for ORDC Grant Funding of $324,000: The City proposes that ORDC approve the following scope of work for the ORDC grant funding:

Item One: Repairs to the Richland Tunnel as determined by the City's engineer in consultation with US Rail. The current engineer's estimate for this work is $170,000.

Item Two: Repairs to Bridge # 92 as determined by the City's engineer in consultation with US Rail. The current engineer's estimate for this work is $60,000.

Item Three: Repairs to the Jackson Line track, including the installation of approximately 1,125 ties between RA Junction and Firebrick and other work as determined by the City's track consultant in consultation with US Rail. The current estimate for this work is $90,000.

Proposed New Scope of Work for ORDC Grant Funding of $300,000: The City proposes that ORDC approve the following scope of work for the ORDC loan funding:

Item One: Tie replacement and other work as determined by the City's track consultant in consultation with US Rail including the replacement of up to 1,125 ties on the AluChem branch.

Item Two: Tie replacement and other work as determined by the City's track consultant in consultation with US Rail including the replacement of as many ties as possible on the Jackson mainline between RA Junction and the Firebrick.

Item Three: Reimbursement of costs for the City's retained engineering and track consultants for funds paid by the City.

WHY ORDC FUNDING IS NEEDED: Without ORDC assistance, the project will not get done.

PROJECT BENEFITS

- The viability and safety of the US Rail operations on the Jackson Line will be significantly improved.
- Project track, tunnel, and bridge work will make the Jackson Line more attractive for other rail users and new development.
- If Ohio Basic Mineral (OBM) plans come to fruition as expected, OBM will create from 30 to 45 new jobs and US Rail will create about 7 new jobs to handle the silica traffic. In addition, OBM will likely generate over 1,000 carloads of new rail traffic annually.

STAFF RECOMMENDATION: Staff recommends that Exhibit A of Resolution 08 – 08 be replaced in its entirety with the following:

Exhibit A

A grant to the City pursuant to Section 4981.032 of the Ohio Revised Code in the amount of up to Three Hundred & Twenty Four Thousand Dollars ($324,000)(the "ORDC Grant") and a loan in an amount of up to Three Hundred Thousand Dollars ($300,000)(the "ORDC Loan") to construct a Rail Service Project as described herein.

The ORDC Grant shall be used for the needed repairs to the Richland Tunnel, needed repairs for Bridge # 92, and for needed track work on the City of Jackson Line including the installation of ties and related work. The final scope of work to be performed with the ORDC Grant shall be at the discretion of the Executive Director of ORDC.

The terms of the ORDC Loan shall be determined by the Executive Director of ORDC. The ORDC Loan shall be used for tie replacement and related track work on the AluChem Lead Track, for track work on other portions of the City of Jackson line, and to reimburse the City for funds that it has expended on engineering and track consulting. The final scope of work to be performed with the ORDC Loan shall be at the discretion of the Executive Director of ORDC.

The ORDC Grant and Loan are subject to the following conditions:

1. *The City must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.*
2. *The City shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close, and secure the ORDC Loan.*

A

PROJECT BRIEFING
CITY OF JACKSON/US RAIL LINE REHABILITATION

April 29, 2008

Project Costs		Project Benefits
* ORDC Grant UpTo	$350,000	* Improves Safety
* ORDC Loan	$300,000	* Facilitates New Traffic

INTRODUCTION: The City of Jackson, owner of the Chillicothe – Hamden – Jackson – Oak Hill rail line in Ross, Vinton, and Jackson Counties, in cooperation with US Rail Corporation, the City's short line operator, requests a grant of up to $350,000 and a loan of $300,000 for the rehabilitation of the Jackson line from Jackson to RA Junction (near Chillicothe). Rail work includes a portion of the 8,500 ties and 13,000 tons of ballast (for lining and surfacing track) and related work that is needed for two phases of rehabilitation work. The loan would be repaid by the City based on the number of carloads generated along the line in any given year. Staff requests that Commissioners empower the Executive Director to determine the final terms of the loan.

BACKGROUND

Brief Recent History: The City of Jackson acquired the approximately 60 miles of the "Jackson Line" in two transactions in 1987 and 1990. (The 1990 acquisition included only the segment from Hamden to Austin Powder.) The Jackson Line includes: 1) the portion of the former CSX "B&O" Washington to St. Louis mainline from near Zaleski (Austin Powder Company) at MP 136.8 to West Junction at MP 112.4; 2) the portion of the former CSX "B&O" West Junction to Dayton branch between West Junction MP 95.5 and Richmondale, MP 91.6; and 3) the portion of the former CSX "B&O" branch from Hamden to Portsmouth between Hamden, MP 0.0 and Firebrick just south of Oak Hill at MP 32. A map of the Jackson Line is included as Exhibit "A". A schematic is included as Exhibit "B".

The Indiana & Ohio Railroad (I&O) operated the Jackson Line from 1987 until 1994 when it sold out its interest in the operating rights to the Great Miami & Scioto Railway. In October, 2004, the Great Miami sold its interest in the operations of the Jackson Line to US Rail Corporation. US Rail currently operates the line under a lease agreement with the City of Jackson. This railroad operating lease will run until 2014. US Rail pays a lease cost to the City equivalent to 11% of gross revenues. The City is committed to investing all lease payments in the rail line.

State Investments in the Jackson Line: Between 1986 and 1997, the state (ORDC and ODOT Division of Rail) invested about $3 million in the Jackson Line for the acquisition and various rehabilitation grants including funding to rebuild a B&O branch and portion of a former DT&I line from the center of town out to AluChem, and to build a rail spur to the Refco plant in Jackson. State funds included grants obtained from the Federal Railroad Administration for the acquisition. The State of Ohio retains a 70% contingent interest in the Jackson Line because of this FRA acquisition funding. (If for some reason the line were to be scrapped, the State would be entitled to 70% of the proceeds.) Local shippers and the operating railroad at that time, the I&O, matched State and Federal funds with an investment of about $1.5 million in the acquisition and upgrading of the line.

In 1997, ORDC provided $250,000 in grant funds to match about $1 million in Federal and Ohio Emergency Management Administration funding to repair damage caused by catastrophic flooding. ORDC fronted $1 million of the emergency work and was repaid by OEMA and FEMA.

In 2000, ORDC provided the City of Jackson a $235,250 grant and $160,250 loan to help the City build a 3,000 ft. rail spur into the new American Warehousing cold storage facility.

In 2002, ORDC provided the Great Miami a $126,500 grant and $126,500 loan for repairs of select portions of the Jackson Line. ORDC followed in 2003 with a $45,200 grant to repair wooden trestles.

Through a 2005 grant to US Rail, ORDC provided approximately $40,000 to help with ditching on the line. ORDC also provided US Rail $45,520 in 2005 to help it rehabilitate its Meadow Run Yard for car storage business.

Current US Rail Operations: The only connection for Jackson Line traffic since the City bought the line is with CSX at Vauces Yard near Chillicothe. The east west portion of the line has heavy rail, some of it continuously welded, because it was formerly part of the CSX mainline system. The branch from Wellston to Jackson to Oak Hill/Firebrick, has light rail and presents more operational issues. The 4 mile long branchline out to Aluchem also has light rail.

Revenues and car volumes have been decreasing on the line. In 2004, approximately 1,200 cars were moved while in 2007 this number dropped to about 800. The line recently lost a major auto parts shipper, Meridian Auto Part, and lost a lucrative inbound flour move from another shipper, Pillsbury. Current rail line users include Nock & Sons (refractory materials), Cedar Heights Clay (clay), American Warehousing/Bellisio (cold storage), Jackson Corp. (plastics), Midland Corp. (grain, agricultural products), AluChem (bauxite), Austin Powder (chemicals), JVC Steel (scrap), and Bessie Lumber Products (lumber). Bessie and Austin Powder are currently the biggest rail users. In addition, US Rail stores tank cars at Meadow Run Yard.

There is an industrial park with approximately 200 acres of shovel ready, industrially zoned land along the Jackson line in Jackson as well as 250 acres of industrial land which needs further development between Jackson and Oak Hill. Further, the recently vacated Meridian building, a 265,000 sq. ft. facility built in 1966 is available for redevelopment.

With revenues down, US Rail has invested significantly more per mile in maintenance than it has garnered in revenues per mile.

New Silica Traffic: A new investment partner for a sand quarry along the AluChem spur track near Jackson has presented an opportunity for significant new rail business on the Jackson Line. Ohio Basic Minerals is in the process of designing a $500,000 rail spur so that it can ship silica out by rail. This is part of a potential $6 million expansion which could result in 30 new jobs or more. US Rail projects that Ohio Basic Minerals will be able to generate about 1,000 to 3,000 carloads of traffic annually in the very near future. While the revenues from the silica traffic will be very welcome, handling thousands of heavy hopper cars of silica presents a maintenance issue. Jackson Line track needs to be upgraded to be able to handle the traffic.

Significant Investment Needed to Keep Jackson Line Viable: US Rail states that the Jackson Line needs between 3,000 and 4,000 ties at various points along the line to maintain safe operations. With expected silica traffic, US Rail projects the need for at least 8,500 new ties and other work to keep the line operating effectively. US Rail has proposed a two phase track upgrade plan that would include 8,500 ties, 13,000 tons of ballast, joint tightening, raise, line, and tamping, and related work.

ORDC has been working with US Rail and its predecessors for many years. ORDC Staff has encouraged the operators to develop long term and short term rehabilitation plans. US Rail has developed its long range rehabilitation plans. For track work, long range needs include 15,000 ties, new rail at select locations to replace worn, light rail, more ballast and related work. The current estimate of the cost of this long range work is $3.8 million. Further, there are two tunnels and several bridges along the line that will need some significant work within a few years. US Rail is developing new business on the line (sand, coal, food products) that would

provide a stream of revenue that could be sufficient to obtain a 25 year Federal Railroad Administration Railroad Rehabilitation and Improvement Financing "RRIF" loan.

PROJECT DESCRIPTION: Ultimately, the Jackson Line needs a series of track upgrade projects to handle the expected new traffic. US Rail has a multi-phase plan for line upgrades. The first phase includes the installation of 6,000 ties, along with 8,000 tons of ballast for surfacing and lining and related work. Total costs of this Phase I work will be approximately $664,017. A complete listing of project work is included as Exhibit "C".

US Rail and the City of Jackson will need to follow up this Exhibit C work with another phase of work very soon after new silica traffic commences. A listing of "Phase II" rehabilitation needs is included herein as Exhibit "D". This work is concentrated on the AluChem branchline. Total Phase II costs are $410,686. The total short term work needed on the Jackson Line is the combination of the work laid out in Exhibits C and D with a total cost of $1,074,703.

The up to $350,000 ORDC grant would zero out FY 2008 General Revenue Fund project monies. The final grant amount is contingent upon the amount of funds available. Staff expects about $325,000 to be available for the Jackson project but the total could be lower.

Staff proposes that the $300,000 loan to the City of Jackson be paid back based on the carloading along the line the previous year. Staff has developed a plan for repayment. Under this plan, if carloadings stayed constant at 2007 levels, it would take Jackson 6 years to pay off the ORDC loan. If carloadings increase as Staff and US Rail expect, the loan payback would be much quicker. Staff proposed to the City a 0% interest rate in year one, with an interest rate of 2% in subsequent years.

The City of Jackson would bid out the work to be performed with ORDC grant and loan funds. US Rail would be responsible for ongoing maintenance of the project through its lease agreement with the City.

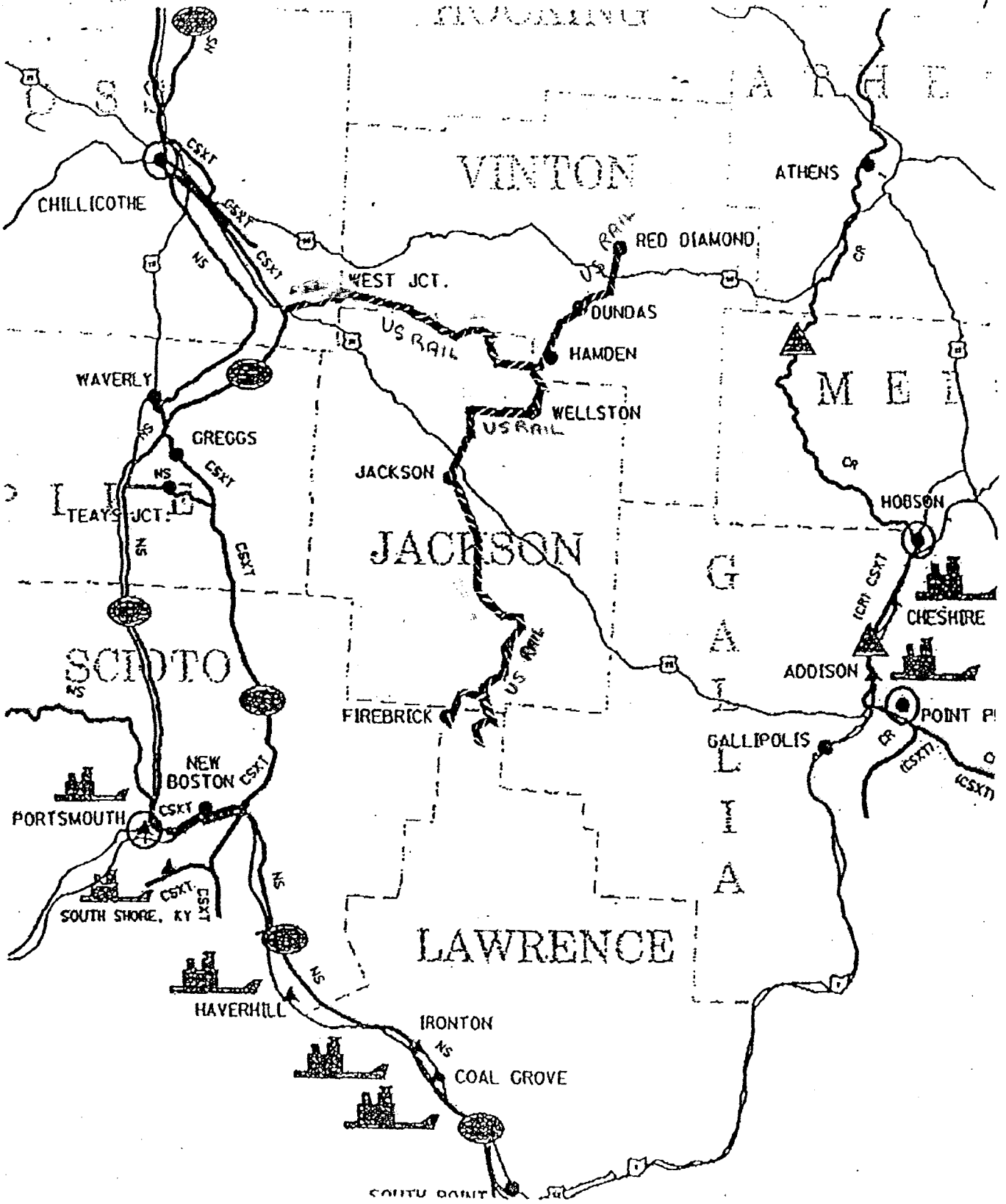
WHY ORDC FUNDING IS NEEDED: Without ORDC assistance, the project will not get done.

PROJECT BENEFITS

- The viability and safety of the US Rail operations on the Jackson Line will be significantly improved.
- Project track work will make the Jackson Line more attractive for other rail users and new development.
- If Ohio Basic Mineral (OBM) plans come to fruition as expected, OBM will create from 30 to 45 new jobs and US Rail will create about 7 new jobs to handle the silica traffic. In addition, OBM will likely generate over 1,000 carloads.

STAFF RECOMMENDATIONS/SPECIAL CONTINGENCIES: Staff recommends proceeding with up to $350,000 in grant funding and a loan of $300,000. The final grant amount would be contingent upon the total available General Revenue Fund project monies. Staff requests that Commissioners empower the Executive Director to make the final determination as to the terms and conditions of the loan. Staff has developed a pay back structure based on annual carloadings. The scope of the project will include work included herein in Exhibits C and D.

"A"



— City of Jackson Owned Rail Line/ US RAIL

"B"

Customer Locater Map

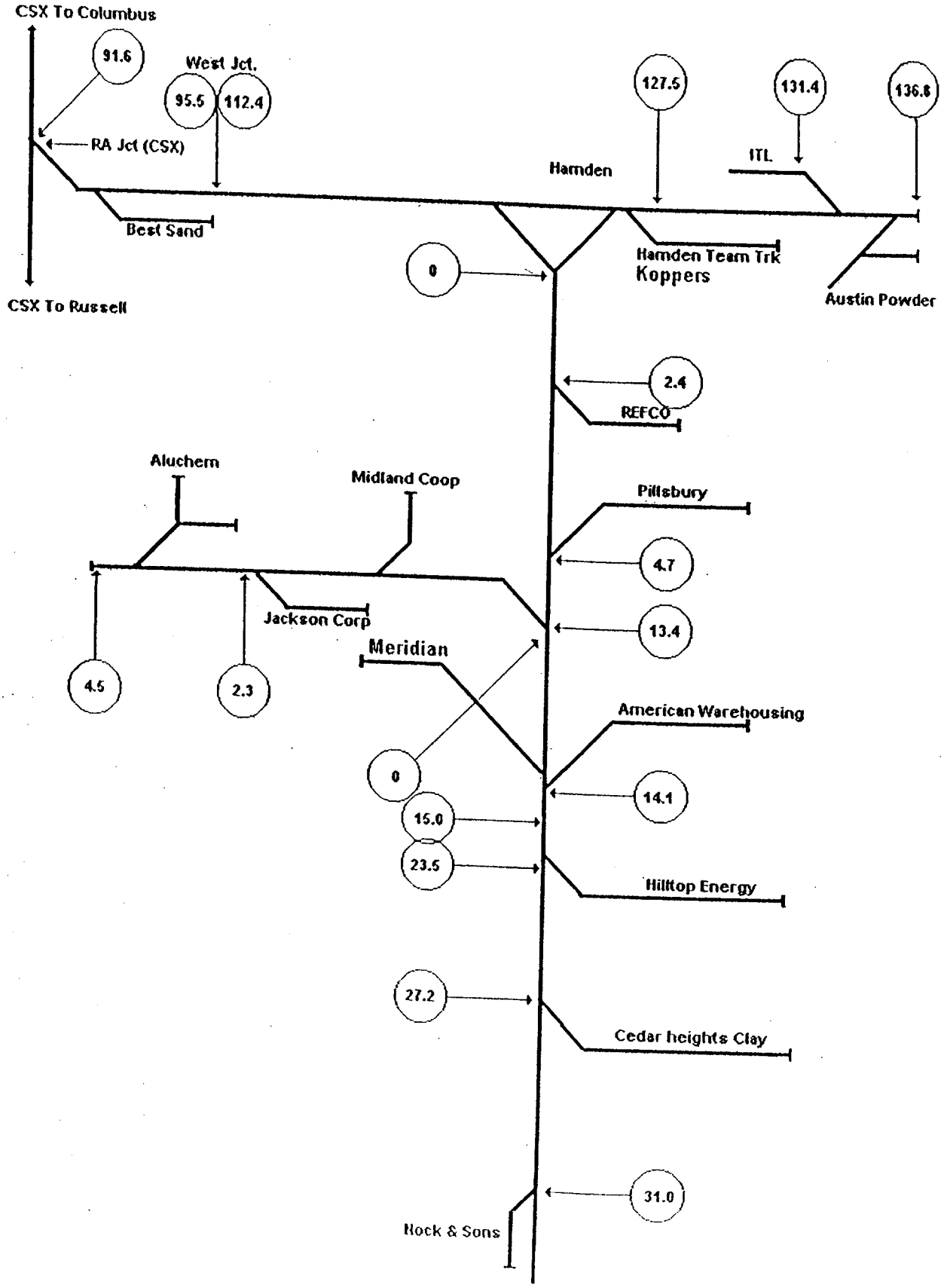


Exhibit A
1 of 2

Construction
Project Nr.08-112

U S RAIL CORPORATION
7846 Central Ave 43617
419.720.7588

Date04/05/08
Cost Estimate

	Phase I - RA Junction to MP 36								
						Labor	Cost		
		Units							Line
	Item	of Msre	Qty	Unit	Total	Hours	Rate	Total	Total
1	Asphalt	Tons							
2	Balllast #4	Tons	8,000	12.00	96,000	640	112	71,680	167,680
3	Bolts & Nuts	kegs	20	229.00	4,580				4,580
5	Buildings	see #2							
6	Comp/Software								
7	Const Fence								
8	Concrete/Load pad								
9	Concrete/roadways								
10	Dump Fees								
11	Engineering								
12	EPA Demo Pmt								
13	Equip Rental								
14	Equip Repair								
15	Equipment/Reg	see #2	1	7,500.00					7,500
16	Erosion Ctrl								
17	Fencing	ft							
18	Fill Dirt	Tons							
19	Fuel for Equip	Gal	3,500	3.75	13,125				13,125
20	Grading								
21	Insurance								
22	Joint Bars	Pr.	500	175.00	87,500				87,500
23	Legal/STB								
24	Legal/Property								
25	Lighting	Est							
26	Lime Stone	Tons							
27	Lodging								
28	Mobilization								
29	New Ties		6,000	42.00	252,000	520	112	58,240	310,240
30	New Ties SW								
31	Other Fees								
32	Per deum								
33	Project Mgr	Hrs							
34	Property Purchase								
35	Rail 132lb	Tons							
36	Relay Ties								
37	Remove Svc								
38	Sec Cameras								
39	Site Work								
40	Spikes	Kegs	202	158.08	31,932				31,932
41	Supervisor					640	49	31,360	31,360
42	Survey								
43	Switch								
44	Switch Mach								
45	Spiker-2 man		1	2,600					2,600
46	Tie Inserter		1	7500					7,500
47	Thermite Weld								
48	Tie Plates								
49	Trucking	Loads							
50	Utility connect fee								
51	Sub Total								
52	10% overhead								
53	Grand total								664,017

Exhibit A
2 of 2

Construction
Project Nr.08-112

U S RAIL CORPORATION
7846 Central Ave 43617
419.720.7588

Date04/05/08
Cost Estimate

Phase I I Aluchem Branch MP- 00 - MP 4.0

	Item	Units of Msre	Qty	Unit	Total	Labor Hours	Cost Rate	Total	Line Total
1	Asphalt	Tons							
2	Ballast #4	Tons	5,000	12.00	60,000	500	112	56,000	116,000
3	Bolts & Nuts	kegs	8	229.00	1,832				1,832
5	Buildings	see #2							
6	Comp/Software								
7	Const Fence								
8	Concrete/Load pad								
9	Concrete/roadways								
10	Dump Fees								
11	Engineering								
12	EPA Demo Pmt								
13	Equip Rental								
14	Equip Repair								
15	Equipment/Reg	see #2	1	7,500.00	7,500				7,500
16	Erosion Ctrl								
17	Fencing	ft							
18	Fill Dirt	Tons							
19	Fuel for Equip	Gal	2,100	3.75	7,875				7,875
20	Grading								
21	Insurance								
22	Joint Bars	Pr.	200	175.00	35,000				35,000
23	Legal/STB								
24	Legal/Property								
25	Lighting	Est							
26	Lime Stone	Tons							
27	Lodging								
28	Mobilization								
29	New Ties		2,500	42.00	105,000	800	112	89,600	194,600
30	New Ties SW								
31	Other Fees								
32	Per deum								
33	Project Mgr	Hrs							
34	Property Purchase								
35	Rail 132lb	Tons							
36	Relay Ties								
37	Remove Svc								
38	Sec Cameras								
39	Site Work								
40	Spikes	Kegs	84	158.08	13,279				13,279
41	Supervisor					500	49	24,500	24,500
42	Survey								
43	Switch								
44	Switch Mach								
45	Spiker-2 man		1	2,600					2,600
46	Tie Inserter		1	7500					7,500
47	Thermite Weld								
48	Tie Plates								
49	Trucking	Loads							
50	Utility connect fee								
51	Sub Total								
52	10% overhead								
53	Grand total								410,686

RESOLUTION 08-08

RE: CITY OF JACKSON RAIL LINE REHABILITATION PROJECT LOAN & GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE CITY OF JACKSON UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the City of Jackson (the "City"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the City; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the City, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the City with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the City, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By_____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
James G. Beasley, P.E., P.S.	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett, P.E.	____	yes	____	no	____	absent	____	abstained	____ recused
Kimberly Gibson for Lt Gov Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused
Daniel Roberts	____	yes	____	no	____	absent	____	abstained	____ recused
James Hartung	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 5/8/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 5/8/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

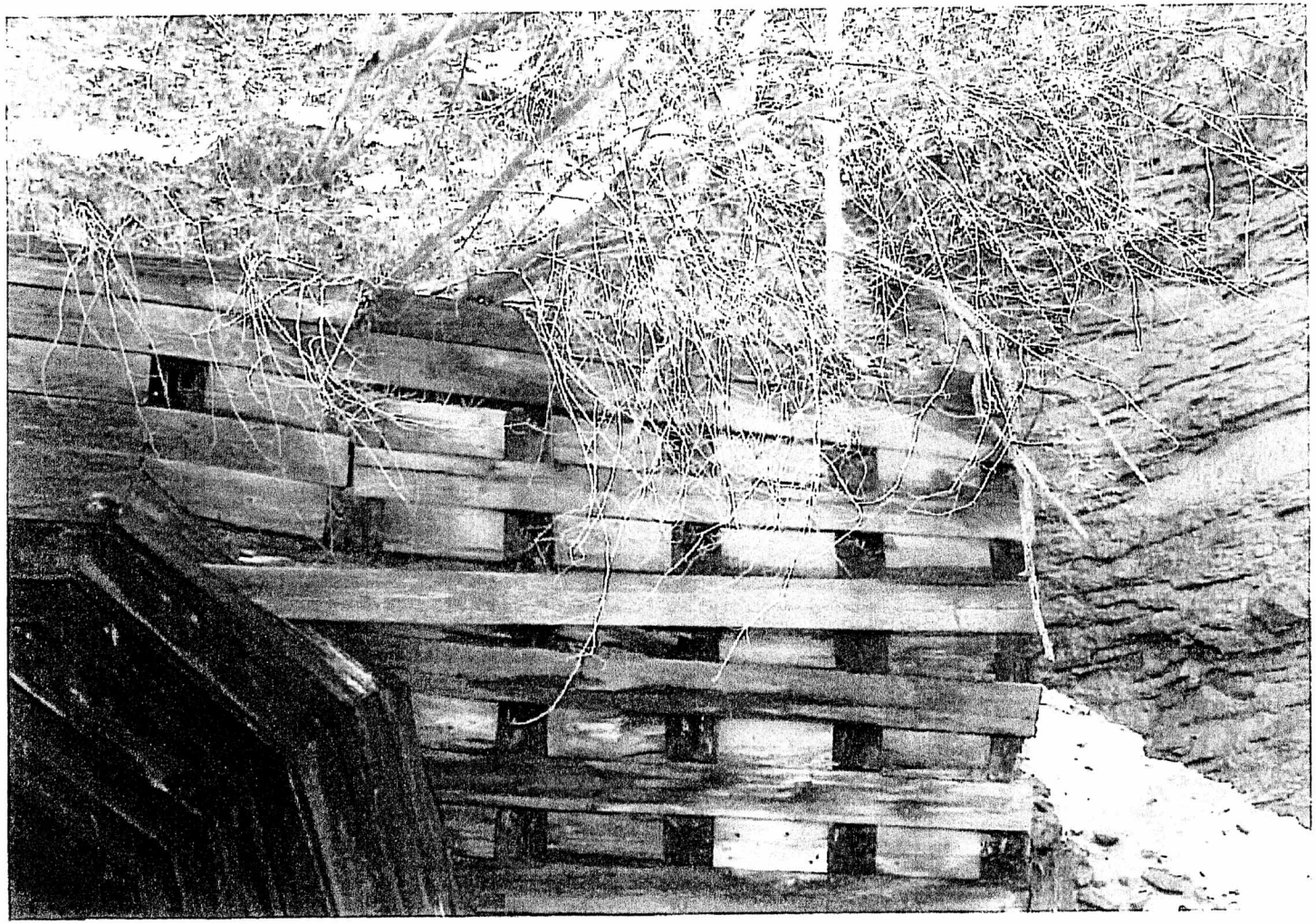
A grant to the City pursuant to Section 4981.032 of the Ohio Revised Code in the amount up to Three Hundred Fifty Thousand Dollars ($350,000) (the "ORDC Grant") and a loan in an amount of up to Three Hundred Thousand Dollars ($300,000) (the "ORDC Loan") to construct the Rail Service Project as defined herein. The ORDC Grant and ORDC Loan shall be used to installation of 6,000 ties, along with 8,000 tons of ballast for surfacing and lining and related work on the City owned rail line. The terms of the ORDC Loan shall be determined by the Executive Director of ORDC.

The ORDC Grant and Loan are subject to the following condition:

1. The City must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.

2 The City shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

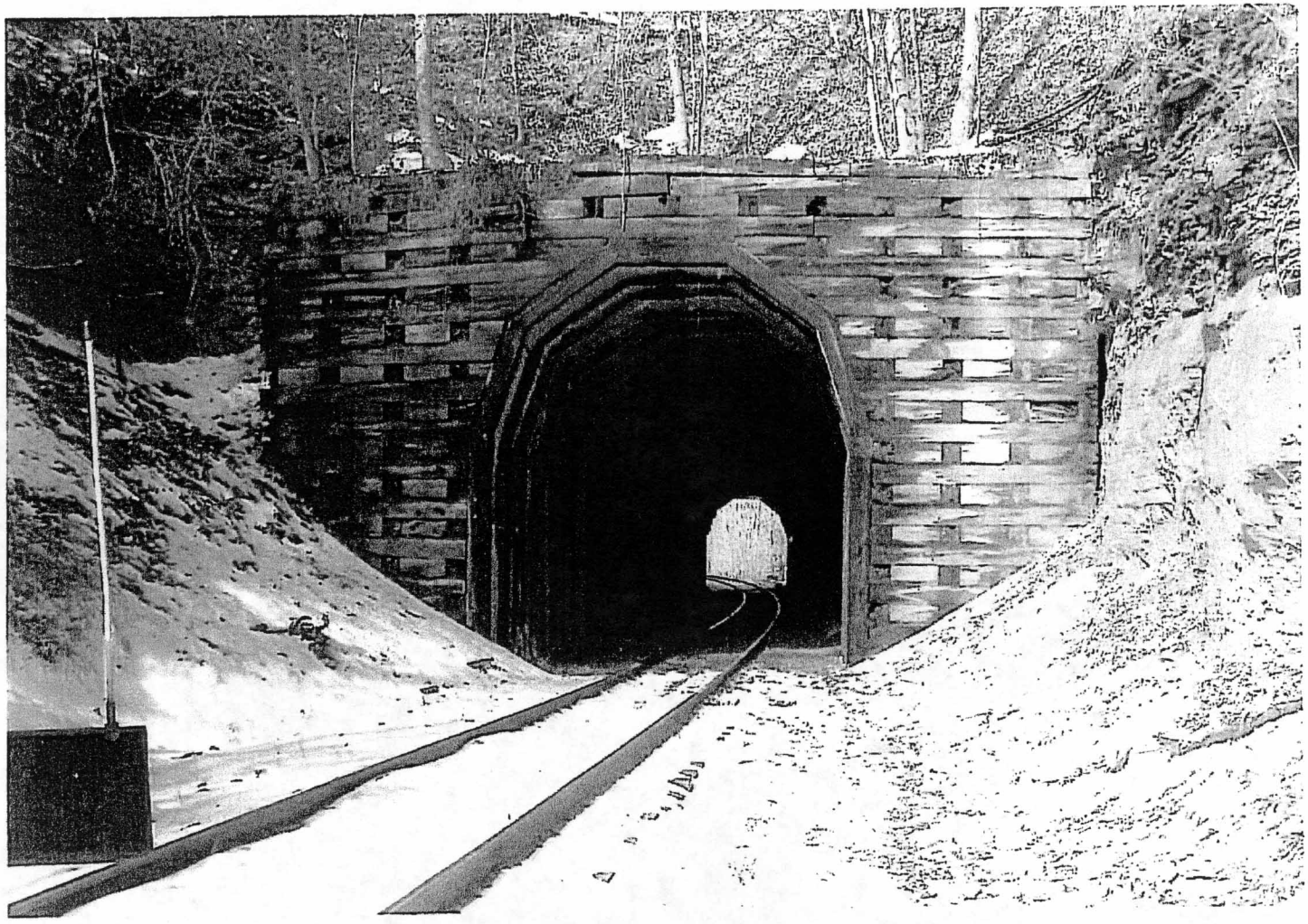
RICHLAND TUNNEL WEST END



WEST END SOUTH SIDE RETAINING WALL

B
3 OF 5

RETAINING WALL FAILURE
(WEST)



RICHLAND TUNNEL EAST END

EAST END POSTS AND ARCH RIBS

RESOLUTION 08-24

RE: CITY OF JACKSON RAIL LINE REHABILITATION PROJECT LOAN & GRANT
AMENDMENT TO RESOLUTION 08-08

A RESOLUTION MODIFYING THE ASSISTANCE PROPOSED TO BE PROVIDED TO THE CITY OF JACKSON UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the modification of the provision of assistance under the Act to the City of Jackson (the "City"); and

WHEREAS, the ORDC staff has submitted to this ORDC a modification to a prior request for assistance submitted by the City; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the modification to the proposed assistance will conform to the requirements of the Act and the terms of the modification of the proposed assistance; and

WHEREAS, the ORDC has reviewed such proposed modifications and discussed them with the Executive Director and staff of the ORDC; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the City, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the modification to the assistance proposed to be provided under the Act to assist the City with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed modification of assistance to the City, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Section 3. That the ORDC hereby amends Resolution 08-08 as set forth in Exhibit A.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	_____	no	_____	absent	____	abstained	___ recused
James G. Beasley	____	yes	_____	no	_____	absent	____	abstained	___ recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	____	abstained	___ recused
Robert Greenlese	____	yes	_____	no	_____	absent	____	abstained	___ recused
Solomon Jackson	____	yes	_____	no	_____	absent	____	abstained	___ recused
William Lozier	____	yes	_____	no	_____	absent	____	abstained	___ recused
Thomas McOwen	____	yes	_____	no	_____	absent	____	abstained	___ recused
William Murdock for Lt. Gov. Fisher	____	yes	_____	no	_____	absent	____	abstained	___ recused
Larry Sowers	____	yes	_____	no	_____	absent	____	abstained	___ recused
Herk Wolfe	____	yes	_____	no	_____	absent	____	abstained	___ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/13/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/13/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

Exhibit A of Resolution 08 – 08 shall be replaced in its entirety with the following terms and conditions:

A grant to the City pursuant to Section 4981.032 of the Ohio Revised Code in the amount of up to Three Hundred & Twenty Four Thousand Dollars ($324,000)(the "ORDC Grant") and a loan in an amount of up to Three Hundred Thousand Dollars ($300,000)(the "ORDC Loan") to construct a Rail Service Project as described herein.

The ORDC Grant shall be used for repairs to the Richland Tunnel, needed repairs for Bridge # 92, for track work on the City owned rail line including the installation of ties and related work and for any other expenses deemed appropriate by Executive Director of ORDC.

The ORDC Loan shall be used for tie replacement and related track work on the AluChem Lead Track, for track work on other portions of the City owned rail line, to reimburse the City for funds that it has expended on engineering and track consulting and for any other expenses deemed appropriate by Executive Director of ORDC. Also, the terms of the ORDC Loan shall be set by the Executive Director of the ORDC.

The ORDC Grant and Loan are subject to the following conditions:

1. The City must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.

2. The City shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close, and secure the ORDC Loan.

BRIEFING
2008 DENNISON DEPOT POLAR EXPRESS REVISION
November 6, 2008

INTRODUCTION: On July 10, 2008, the ORDC approved a resolution allowing the Dennison Depot to operate Polar Express excursion service along the Panhandle Rail Line in December. Since that time, the ORDC's contract operator of the line, the Columbus & Ohio River Railroad (part of the Ohio Central railroad system), has been purchased by the Genesee & Wyoming, Inc., and has reached agreement with the Dennison Depot to operate the Polar Express excursions on the Depot's behalf. As a result of that agreement, the Depot requests that the ORDC requirement to have local law enforcement provide additional safety at grade crossings as the train passes be eliminated.

BACKGROUND: For many years the Ohio Central Railroad and the Dennison Depot enjoyed a productive relationship regarding the Polar Express Excursion operation using the restored Dennison Railroad Depot. Citing the added liability, the Ohio Central began phasing out its excursion operations both on its own lines as well as the Panhandle several years ago. Last year, the Ohio Central operated the Polar Express but informed both the Dennison Depot and the ORDC that does no longer wish to operate those excursions trains due to the liability exposure to the company.

As a result, the Dennison Depot submitted a request to ORDC earlier in 2008 to request approval as a third party operator. Staff worked with the depot to mitigate two major concerns, liability and the Depot's lack of experience in physically operating the trains. Rather than focus on the amount of liability insurance to require, the ORDC chose instead to focus on mitigating the risks. This approach also directly addressed concerns regarding the Depot's lack of operating history. With the help of the Department of Administrative Services, staff was able to develop a process that focuses attention on those operational elements that are most associated with liability claims. It is not by coincidence that the resulting series of requirements for the service also addressed the safety concerns regarding the operation of the excursion.

One of the requirements included by the ORDC and agreed to by the Dennison Depot is that local law enforcement would provide additional safety at grade crossings as the train passes. This requirement was identified because of the possibility that trains would be driven by individuals who do not routinely operate along the Panhandle Line. Due to the agreement reached by the Dennison Depot and Ohio Central, the Dennison Depot and Ohio Central request that the local law enforcement requirement be eliminated from the agreement. According to the Ohio Central, there is no history of extra crossing protection for the Polar Express trains they operated in the past. The Ohio Central is confident in its maintenance of the warning devices at all public grade crossings, whether active or passive. In addition, the railroad is concerned that providing extra crossing protection for the excursion events would be viewed as an acknowledgement of a hazard, and that could be cited in the event of future crashes and resulting legal claims. The Ohio Central states that the personnel operating the Polar Express trains will be Ohio Central engineers and conductors who are experienced and familiar with the line.

RECOMMENDATION: ORDC staff recommends that the Commission approve the request of the Dennison Depot and the Ohio Central to eliminate the requirement of law enforcement presence at grade crossings along the 2008 Polar Express excursion route.

RESOLUTION 08-25

RE: DENNISON RAILROAD DEPOT MUSEUM ("DENNISON") PANHANDLE RAIL LINE POLAR EXPRESS EXCURSION RAIL SERVICE TERMS (Amendment to Resolution 08-13)

A RESOLUTION MODIFYING THE TERMS OF GRANTING THE DENNISON POLAR EXPRESS RAIL SERVICE RIGHTS TO OPERATE ON THE PANHANDLE RAIL LINE.

WHEREAS, the ORDC is authorized by ORC 4981, Sections .14 (9) and (18) to exercise all powers necessary or appropriate to carry out its corporate purposes including the authority to make and enter all agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, on May 17, 2007, the ORDC entered into an Operating Agreement with the C&OR for the operation of the Panhandle Rail Line ("Panhandle"); and

WHEREAS, Articles 26 and 4 of the Operating Agreement set forth the terms and conditions by which the ORDC may permit a qualified excursion operator to operate on the Panhandle; and

WHEREAS, Dennison submitted a proposal to operate on the Panhandle to the ORDC on March 26, 2008 and an addendum to the proposal on April 3, 2008, which was approved as Resolution 08-13 on July 10, 2008; and

WHEREAS, Dennison has subsequently submitted a proposed modification of the aforementioned proposal on November 4, 2008 to the ORDC for consideration.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio that the ORDC hereby amends Resolution 08-13 and approves of Dennison's request to modify the terms and conditions summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
Robert Greenlese	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
William Murdock for Lt. Gov. Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/13/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/13/2008

Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

The modifications to the Request for Assistance are as follows:

1. Condition #2 of Resolution 08-13 shall be deleted in its entirety.

2. All other terms, covenants and conditions specified in Resolution 08-13 shall remain in full force and effect.

APPROVED PROJECT BRIEFING:
LOAN TO MAUMEE & WESTERN RAILROAD FOR 3 HOT STARTS

November 5, 2008

Project Funding

ORDC Loan **up to $90,000**

Project Benefits

Significant Reduced Fuel Use and Costs
Reduced Locomotive Wear & Maintenance
Improved Viability of MAW Operations
Improved Air Quality from Reduced Fuel Use

INTRODUCTION: The Maumee & Western Railroad Corporation (MAW) requested a loan of up to $90,000 for the purchase of three diesel powered hot start units to be installed on three MAW locomotives. ORDC's Executive Director sent the MAW a letter committing to provide the requested loan financing. The terms of that commitment letter are: 5 year term; 0% interest in year one, 1% interest in year two, an interest rate equivalent to 2/3 the prime rate at the time of closing or of approval, whichever is lower, for years three, four and five; collateral of first position on a MAW locomotive valued at $75,000; and a Letter of Credit to cover the rest of the value of the loan.

BACKGROUND:

Overview of MAW Line: The MAW serves approximately 53 miles of rail lines between Woodburn, Indiana and Liberty Center Ohio. Of these 53 miles, approximately 50 are in Ohio. The map included as Exhibit "A" shows the MAW system and connections. MAW interchanges with Norfolk Southern at Woodburn and with CSX at Defiance. The line between MP 63.2 east of Cecil and MP 55 near Defiance, however, is out of service so that rail users east of Defiance do not have direct access to NS interchange and shippers west of Cecil do not have direct access to CSX interchange. The recent reinstallation of double diamond crossings at Defiance by CSX will facilitate the connection of the two MAW service islands but investment in the line from MP 63.2 to MP 55 will still be needed.

The MAW acquired the line in December, 1997 from the Norfolk & Western Railroad as a result of the bankruptcy proceedings for the Indiana Hi-Rail Railroad which had been leasing the line at the time of its bankruptcy. The acquisition took place with the help of a $1.2 million loan from the ORDC. This loan has been fully repaid. The MAW inherited deferred maintenance problems along with the problems of operating heavy freight mostly on light, 80 lb. rail, and operating on sections of track in an area formerly called the Black Swamp. The out of service portion of the line is largely located in the Black Swamp area.

The MAW is strategically located along US 24 on the "Fort to Port" highway which connects Fort Wayne with Toledo. The Ohio Department of Transportation is in the process of making the Ohio portion of US 24 a four-lane highway but is many years away from completing the project. There are many industrial development sites along the MAW served on one side by US 24 and on the other by the MAW. In addition, the MAW serves two large industrial parks at Napoleon, two large industrial parks in Defiance, and smaller industrial parks in Antwerp and Woodburn, Indiana just over the Ohio border.

The MAW line has been generating an average of 3,269 carloads of traffic a year for the last three years. There are 24 customers served by the MAW, 15 of which have been active rail user in the last three years. Major customers include Antwerp Equity, Johns Manville, Jewell Grain, Cloverleaf, Interstate Cold Storage, Systech, Glenn Hunter, and Ag Plus. MAW rail users are primarily in the agricultural industry (outbound grain & inbound fertilizer), the food processing and warehousing businesses (various food products), and the manufacturing industry (various steel, plastic, cement, chemical, and building products).
Poor track condition is preventing the MAW from adequately taking advantage of the economic development opportunities along the line. It is a "chicken or egg" situation wherein more rail carload business is needed to

raise the money needed to rehabilitate the track, but good track is needed to effectively increase service so that more carloads can be generated.
Not surprisingly, the MAW's bottom line has suffered because poor track increases operating costs. The line has been marginally profitable in the last three years. Still, MAW invests more per mile operated in maintenance than its level of net profits per mile operated.

MAW Need for Hot Start Units: Most diesel locomotives have performance issues in the cold winter months. At temperatures under 35 degrees, the oil in diesel locomotives tends to gel when the engine is turned off. Restarting the locomotive causes damage to the engine as the oil does not flow properly and lubricate properly until the engine warms up. In addition, the increased friction within the engine that results from improper lubrication can result in the engine using more power than it should which can drain the batteries and significantly decrease battery life. Because of the damage that can result from starting up a cold diesel locomotive, it has been a common railroad practice to run locomotives on idle as long as the temperatures remain cold. A side effect of extensive locomotive idling is that injectors can get fouled which in turn causes the locomotive to blow oil out of the stack of the locomotive when it is used in active service. This blowing of oil is a safety and environmental hazard. When fuel costs were low, the costs of idling locomotives were often not high enough to justify capital investments in technology such as hot starts to enable the railroad to turn locomotives off for long periods of time.

The hot start units that the MAW is buying are diesel powered (13 hp engine) units mounted within the locomotives. The small hot start engine produces enough power to heat and circulate water throughout the locomotive engine thereby keeping the fluids from gelling or coalescing. This allows the locomotive to be turned off and started again without the problems noted above. The fuel used by the small hot start engine, about ½ gallon per hour, is much less than the 4 gallons per hour generally used by locomotives at idle. With 3 hot start units, the MAW estimates that it can save about 10.5 gallons of fuel an hour when using the hot starts. In addition to the fuel savings, locomotive maintenance costs are reduces by reducing the wear and tear from idling. At $4 per gallon of diesel, the fuel cost savings for one year of MAW operations could be as high as $93,000 assuming about 6 months of cold nights.

PROJECT DESCRIPTION

The MAW is ordering three DDHS Jr. Hot Starts from Kim Hot Starts. Here is a cost breakdown:

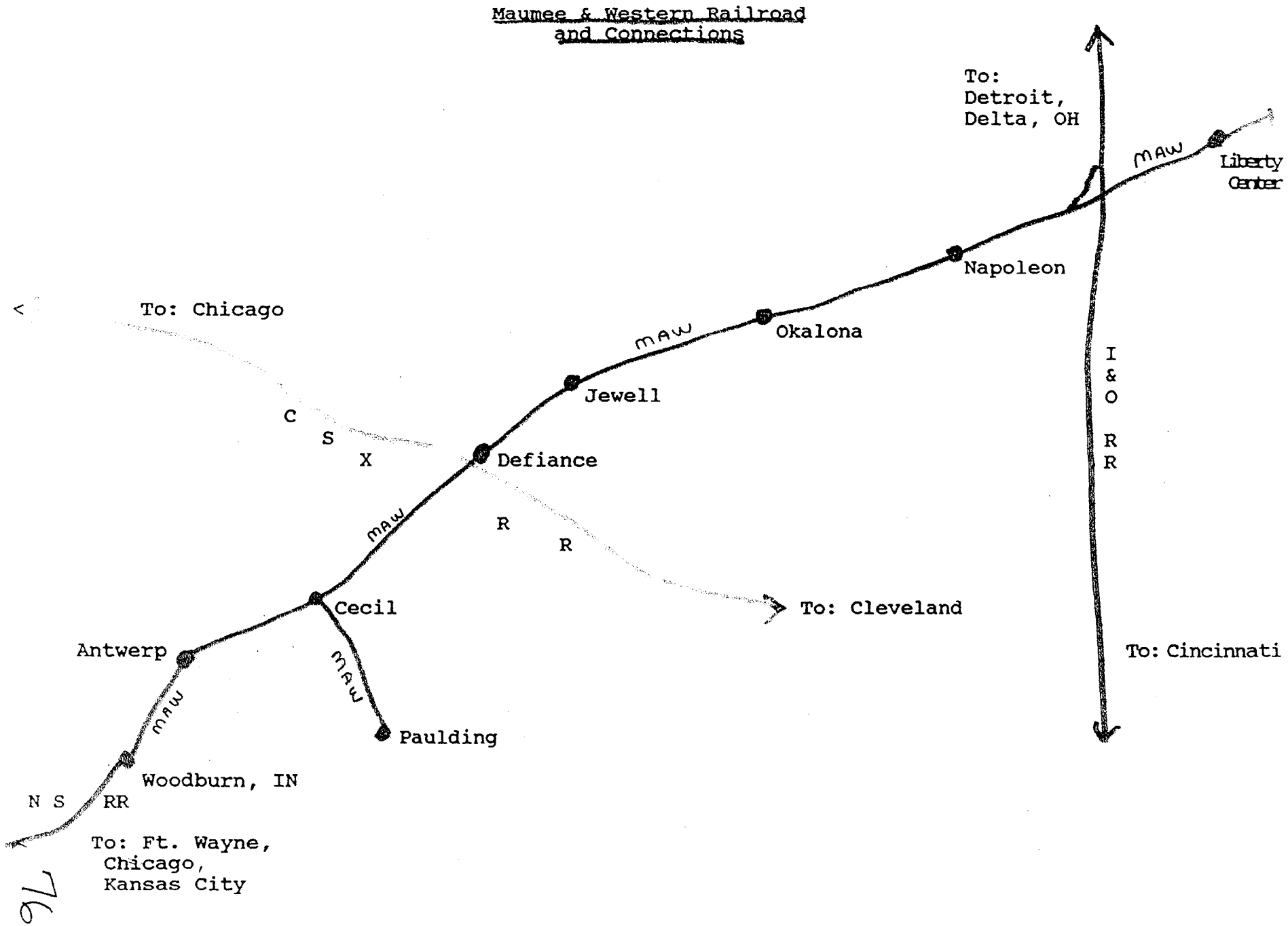
Hot Start Units	**$20,218/ea**	**$60,654 total**
Shipping	**$1,000/ea**	**$3,000 total**
Wiring	**$1,165/ea**	**$3,495 total**
Installation	**$4,325/ea**	**$12,975 total**
Grand Total		**$80,124**

WHY ORDC FUNDING IS NEEDED: Without the ORDC loan, the MAW would not be able to install the hot start units.

PROJECT BENEFITS

- Significant fuel and fuel cost savings.
- Savings on locomotive repair and maintenance.
- Less pollution from less fuel use.
- Savings allows MAW to invest more in needed track improvements.

OTHER CONTRIBUTIONS: The MAW will repay the ORDC Loan.


Maumee & Western Railroad
and Connections
To:
Detroit,
Delta, OH
MAW
Liberty
Center
Napoleon
To: Chicago
MAW
Okalona
Jewell
C
S
X
Defiance
I
&
O
R
R
MAW
R
R
To: Cleveland
Cecil
Antwerp
MAW
MAW
Paulding
To: Cincinnati
Woodburn, IN
N S RR
To: Ft. Wayne,
Chicago,
Kansas City

Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

November 13, 2008

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **LOAN TO MAUMEE & WESTERN RAILROAD FOR 3 HOT STARTS** and dated November 5, 2008 as described in that briefing.

Matthew R. Dietrich
Executive Director

Jolene M. Molitoris
Chairwoman

PROJECT BRIEFING
LAWRENCE COUNTY PORT AUTHORITY for Chatham Steel
November 6, 2008

Project Costs		Project Benefits
ORDC Grant	$ 80,000	Chatham Steel will create 60 new jobs
ODOD Grant	$120,000	Generate 78 rail cars in three years
ODOD CDBG	$500,000	Chatham will invest up to $8 million

INTRODUCTION:

The Lawrence County Port Authority(LCPA) and other state departments requested ORDC funding assistance toward an incentive package for Chatham Steel Corporation (CSC). The company will operate a distribution center within the "Point Industrial Park" at South Point (Hanging Rock), Ohio.

BACKGROUND:

The parent company of CSC is Reliance Steel and Aluminum Company out of Los Angeles. CSC is a steel wholesaler/distributor of heavy carbon steel. CSC will custom cut the carbon steel to their customers specifications. The company is in the process of constructing its distribution center. CSC will invest up to $8 million in its South Point, Ohio distribution center and equipment.

PROJECT DESCRIPTION:

CSC will use three rail cars every other week to receive inbound "heavy carbon steel" from Savannah, GA; North and South Carolina; Alabama and Florida. CSC will own, construct and maintain a 550 ft new rail spur within its distribution center. The LCPA owns the property within the Point Industrial Park where CSC will locate. LCPA will construct, rehabilitate and maintain 3,100 ft. of the rail infrastructure. The rail cost's estimate is $1,098,500. In addition to rail costs LCPA must remove and relocate power lines (American Electric Power $60,000) before the rail construction can begin. In addition to these "off-site costs" there are costs for an on-site spur which will be part of the project as well. The total estimated off-site rail cost is listed below:

OFF SITE RAIL COSTS

Excavation	$ 200,000.00
Asphalt Removal	15,000.00
Engineering	15,000.00
Drainage Pipe	13,000.00
Track 3,100 ft.	511,000.00
Track 200 ft.	80,000.00
2 Bumping Post	10,000.00
#8 Turnout	45,000.00
#10 NS Switch	149,000.00
	$1,098,500.00

WHY IS ORDC FUNDING NEEDED:

The State of Ohio was competing with West Virginia and Kentucky. When ODOD and LCPA contacted ORDC regarding CSC, at that time it was to close/fill the $80,000 gap toward the estimated total costs needed for the off-site rail infrastructure.

PROJECT BENEFITS

- CSC will invest $8 million.
- CSC will create 60 new jobs within three years.
- CSC will use 78 rail cars within three years.

OTHER INCENTIVES/CONTRIBUTIONS

The Ohio Department of Development (ODOD) is providing the following:

- $120,000 Rapid Outreach Grant toward the rail
- $223,000 Job Creation Tax Credit (JCTC)
- $500,000 Community Development Block Grant (CDBG).

Lawrence County will provide the following:

- 50% Enterprise Zone
- A reduced rate of $350,000 for the property purchased by CSC
- Possibly the gap funding needed toward the estimated off-site rail costs.

Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

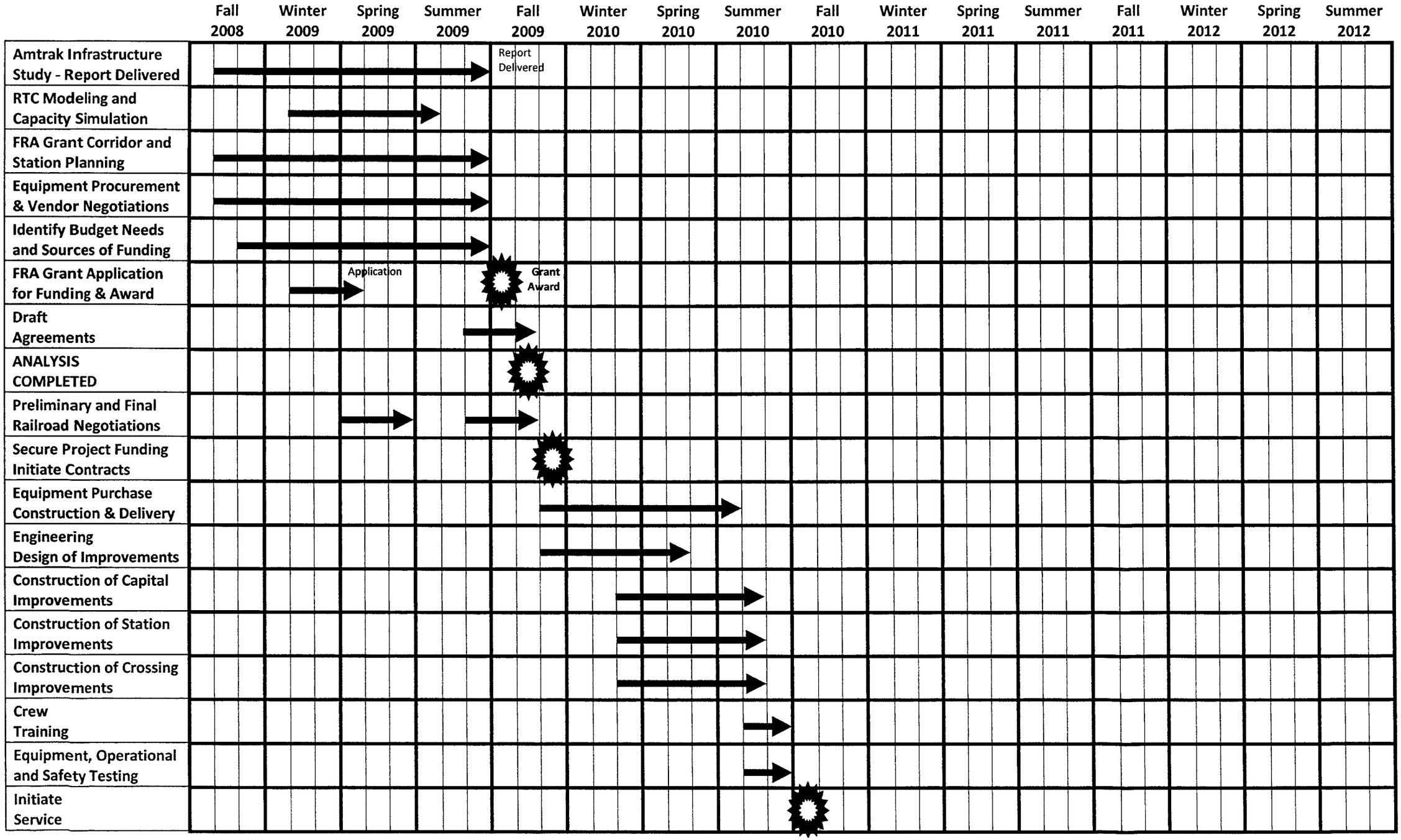
November 13, 2008

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **LAWRENCE COUNTY PORT AUTHORITY FOR CHATHAM STEEL** and dated November 6, 2008 as described in that briefing.

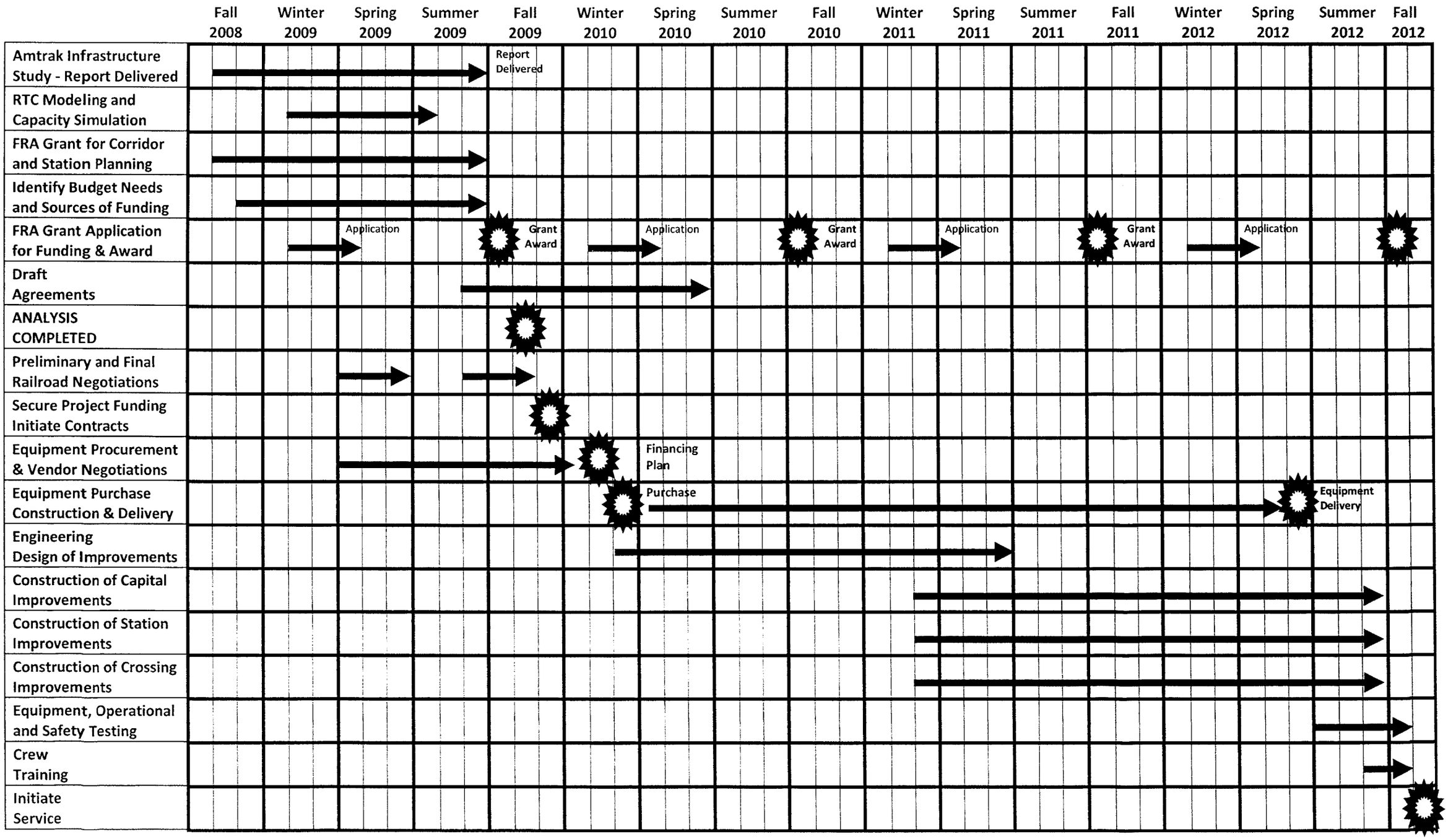
Matthew R. Dietrich
Executive Director

Jolene M. Molitoris
Chairwoman

Amtrak Start-up Project Development Timeline – Initiation of Service in 2010 (DRAFT)



Amtrak Start-up Project Development Timeline - Initiation of Service in 2012 - (DRAFT)



Amtrak Start-up
Project Development Timeline
(DRAFT)

The following identifies the timeline and the critical steps needed to meet a 2010 date for the start-up of Amtrak service in the Cleveland-Columbus-Dayton-Cincinnati corridor. The timeline requires that multiple project development activities advance concurrently. It is also important to note that this project is Ohio's first to implement State-sponsored Amtrak Service. As such, the timeline below represents Staff's understanding of the major steps and milestones necessary to implement service and this timeline is subject to change as ORDC staff learns more about passenger rail deployment.

Amtrak Infrastructure Study:

- Amtrak has agreed to complete the report July 31, 2009 contingent upon modeling requirements and railroad cooperation. The completed report will identify the capital and operating costs associated with the proposed service.
- Without a final report on service start-up requirements it will be difficult to initiate railroad negotiations or detailed discussion on the budget requirements for either capital or operating expenses.

RTC Modeling and Railroad Capacity Simulation:

- The consulting contract for capacity analysis will be held by ORDC. The timeline for the computer simulation of capacity assumes a six-month period; both Amtrak and the railroads have suggested that this work could take longer, potentially cost more and have the potential to delay the project.

FRA Grant (FY 2009) for Planning:

- The timeline for advancing the work under ORDC's FRA Grant should be achievable with results and a report delivered in late summer 2009.
- The work will result in a corridor development strategy that identifies critical project steps needed to ensure that the 3C corridor capital improvement projects are eligible for federal funding as part of the new federal states grants program.
- Specific railroad capital improvements will not be eligible for federal funds unless the required environmental reviews have been completed. The extent of the needed capital improvements will determine the level and detail of the environmental review required. For example, the FRA has suggested that double tracking a line that has historically been a single track line will effectively activate requirements for a detailed NEPA process that will likely require a program-level Environmental Impact Statement. Passing sidings or other improvements made within the Railroad ROW could be done with under a Categorical Exclusion. This will determination will obviously have a large impact on project cost, funding eligibility and timing.

FRA Grant (FY 2010) for Capital:

- The project timeline assumes that ORDC will apply for an FRA capital grant for construction of 3C improvements with an award of a capital grant in September 2009.

- The submission of a grant application is scheduled to be completed almost simultaneously to the completion of Amtrak's infrastructure study. Any delay in that report would make it difficult to identify, delineate, and negotiate specific capital needs to include in the FRA grant application.

Equipment Procurement and Vendor Negotiations:

- The lack of equipment – coaches and locomotives - could be a show-stopper. Amtrak, the States and Congress recognize that there is a serious shortage of available passenger rail equipment.
- Options appear to be limited and include: 1) initiating the rehabilitation of Amtrak's retired coaches and café-cars; 2) initiating discussions with vendors including Talgo and Colorado Rail Car to investigate equipment possibilities; and 3) conducting a comprehensive search of equipment availability in Canada, Europe and other world-wide fleets.
- Given the current tight equipment environment, without a dedicated source of funding in hand, it will be difficult for ORDC to talk seriously about procurement contracts, specifications, manufacturing, construction, rehabilitation, or car maintenance programs.

Identify Budget Needs and Sources of Funding:

- The start-up timeline assumes that all of the required financial resources have been identified and allocated in the State's Fiscal Year 2010 budget for both the procurement, financing and purchase of equipment, as well as the construction of the corridor capital improvements which are scheduled in the spring and summer of 2010. This timeline creates challenges with current state budget biennium process.
- The timeline assumes that in October 2009, ORDC will have enough information to provide the Governor and the General Assembly with enough detailed project information to get the necessary approvals to move the project into the implementation phase.

Equipment Purchase and Engineering Design:

- The timeline assumes that ORDC will move forward with the procurement and purchase of the equipment. The timeline assumes that equipment will be delivered in eight months, which provides one month for testing and crew training prior to the initiation of service in 2010.
- The timeline assumes that any required railroad consulting and engineering services are ready to move forward quickly with engineering design completed over six months and two months overlapping with early construction activities.

Project Capital Construction

- Construction issues primarily involve the fact that the aggressive schedule only allows for one (1) construction period to accomplish all necessary work.
- Track work on railroad infrastructure will likely require Railroad Force Account work. Ohio will be potentially competing against other states as well as railroad priority capital projects for work crews.

- Station construction will be subject to local jurisdiction, permitting, and contracting issues.

Staffing Resources

- There are a minimum of three (3) distinct skill sets required for the implementation of the Amtrak Start-Up Service in the 3-C Corridor.
- Planning/Contract Negotiation: With the addition of a passenger rail planning intern, the ability to access ODOT State Planning and Research Funds for the modeling work, and other railroad expertise within the state, ORDC should be adequately staffed to carry the Amtrak Start-up Process to final agreement with the host railroads and Amtrak.
- Project / Construction Management: Currently, ORDC does not have the expertise in project management to carry the project into construction oversight and would have to staff up, either through direct hire or "loaned" staff from another state agency or contract out for that expertise. It may be possible that the engineering and construction contracts could be advanced as a design/build contract with railroad approved contractors with appropriate railroad oversight.
- Operations / State Contract Oversight: While Amtrak will be responsible for all day-to-day operations, once service is established there will need to be a dedicated staff position that is responsible for contracting, questions, disputes, maintenance needs, etc. with regard to the operations.

Positive Train Control

- One new variable that is unknown is the effect of the new legislation requiring positive train control (PTC) on any freight route with operating passenger service by 2015. At the meeting in Jacksonville, CSX was very clear that unless there is hazmat movements that require PTC under the statue it will be expected that the States will be responsible to cover the costs to implement PTC on routes for passenger service. Additionally, at least CSX will likely require PTC installation prior to commencement of service even if that date precedes the 2015 deadline.
- The FRA has not yet clarified whether or not they would require a completed rail corridor plan or PEIS prior to awarding federal funds for improvements related to PTC capital investments.

MEMORANDUM

TO: ORDC Commissioners
FROM: Megan McClory
SUBJECT: ORDC Retreat Follow-up
October 2, 2008

A full summary of the presentations, discussions, and planning exercises from the October 2 Retreat is included in the November Commission meeting packet. This document is presented to summarize the outcomes of the retreat and provide recommendations for using that information to move forward.

Approach

The stated purpose of the Retreat was to discuss the changing state of rail in Ohio, to identify the desired future of rail and how to further enhance its role in advancing economic prosperity in Ohio, and to discuss strategic approaches to achieving this desired vision.

In order to identify the desired future of rail, participants were asked to consider three matters:

How a product might ideally move within/into/out of Ohio in 2020
How a person might ideally move within/into/out of Ohio in 2020
What should ORDC look like in 2020? How should it operate?

Outcomes

The major themes and action steps that evolved were:

- Education
- Quantification/communication of the return on rail investments
- Specific actions to address freight/passenger rail capacity issues, including continuing work on grade crossings and addressing rail bottlenecks in the system
- Continue to aggressively pursue public/private partnerships,
- Develop a state rail plan in the context of the state's overall transportation and economic development priorities
- Pursue funding opportunities for rail and the restructuring of existing financing streams
- Pursue both the Amtrak 3C plan and the PEIS on the Ohio Hub.

An overriding theme of partnership emerged, including working with railroads, legislators, highway planners, and other parties interested in or affected by the rail network.

Moving Forward

The retreat closed with a commitment to compile the input received at the retreat, to forward the input to the 21st Century Transportation Priorities Task Force, and to use the retreat's guidance as ORDC sets priorities for 2009.

Upon review, it appears that ORDC's current activities are in line Commissioners' expectations. It is staff's recommendation that we focus on specific areas within each theme. For example, it is recommended that education efforts focus on the legislature, which will hear ORDC's budget in the coming months. Education activities would involve ORDC participation in new legislator information fairs, personal meetings with legislators, and providing overview and budget documents. With concurrence from the Commission, ORDC staff will develop focus areas for the rest of the themes identified at the retreat.

2008 Commission Retreat
MEETING SUMMARY[1]

This is a summary of the Ohio Rail Development Commission (ORDC) strategic planning retreat, held Oct. 2, 2008 at the Battelle-Darby Creek Metro Park from 8 a.m. to 4 p.m.

Participants

Ohio Rail Development Commissioners Present
Chairwoman Jolene Molitoris, Assistant Director, Ohio Department of Transportation
Barbara Hammontree Bennett, Hammontree and Associates
Solomon Jackson, Norfolk-Southern
Bill Lozier, Licking County Deputy Engineer
Thomas McOwen
William Murdock, Ohio Department of Development
Larry Sowers, Armstrong and Okey, Inc.
Sen. Larry Flowers
Robert Greenlese

ORDC Staff Present
Matt Dietrich
Megan McClory
Don Damron
Lou Jannazo
Susan Kirkland
Stu Nicholson
Gloria Howard
Susan Arduini
Tod Darfus
Mike Forte
Tim Perkins
Joe Reinhardt
Evelyn Winkfield
Alan Klodell
Cathy Stout

[1] This Summary is intended to provide a paraphrased overview of presentations made, materials discussed, questions asked and comments made. It is not intended to be a word-for-word representation of the ORDC retreat.

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Observers
Art Arnold, Ohio Railroad Association
Andrew Bremer, All Aboard Ohio
Richard Butch, Burgess & Niple
Rusty Orben, CSX
Bill Harris, Norfolk-Southern
Larry Jacobson, URS
Paul Staley, ODOT
Ken Clifford, Ohio Association of Rail Passengers/National Association of Rail Passengers
Daniel van Epps, West Virginia University
Denny Larr, on behalf of Ohio Central Railroad System
Pat McCune, Wheeling & Lake Erie Railroad

Meeting Summary

Welcome and Introductions

Chairwoman Jolene Molitoris welcomed participants and shared the vision that is emerging from the 21st Century Transportation Priorities Task Force: "Moving a Prosperous Ohio into a Whole New World." She discussed this vision in the context of what is happening in Ohio, in Washington and across the country.

Chairwoman Molitoris also highlighted progress made on the points raised in her January 16, 2008 memo to commissioners, which included:

- focusing on a systems approach to rail initiatives;
- pursuing more resources for freight rail investments;
- finding resources and opportunities to implement the Ohio Hub;
- engaging each commissioner in attaining ORDC's goals;
- emphasizing economic development benefits in ORDC initiatives;
- strengthening and expanding ORDC's public and private partnerships;
- continuing to strengthen ORDC's safety program; and
- assuring clarity, consistency, transparency and timeliness of communication, striking a balance between conciseness and comprehensiveness.

Meeting Purpose and Expected Outcome

Meeting facilitator Marie Keister recapped the meeting purpose, which was to discuss the changing state of rail in Ohio, to identify the desired future of rail and how to further enhance its role in advancing economic prosperity in Ohio, and to discuss strategic approaches to achieving this desired vision.

Ms. Keister asked all in attendance what they would like to see accomplished for the day. The responses included:

Staff/Commissioners
- More outreach on public/private partnerships and investments
- Hear the commissioners' priorities

- Learn more about ORDC
- Better definition of what is my job?
- Implement the Ohio Hub
- Build new audiences; create a transportation caucus in the Ohio Legislature
- Increase partnerships
- Nothing is impossible!
- Identify more structure – goals, benchmarks, action plan/substance (tie back to January memo)
- Rethink…recognize historic opportunity…move forward differently
- Discuss what we gain by working with Class 1 railroads
- Articulate goals and timetables to get trains on track in 2010
- I'm inspired! How best to assist communication
- Regarding the Panhandle line, how can the state benefit from this resource?
- Need Ohioans' support! How do we get this?
- Establish closer relationships between Class 1 railroads and ORDC
- Get something done!
- Hear priorities, direction
- Contribute to getting passenger rail in Ohio
- Expand funding for rail safety
- Gain money to work in rail corridors
- Direction on how to gain more diversity at ORDC and identify/address future staffing needs (need clarity on future)
- Agreed upon priorities
- Move from putting out fires to a more strategic approach
- Plan for implementing change, use rail to energize communities
- Look at the big picture

Observers

- Need more advocates, political power
- Want to understand ORDC priorities
- Where ORDC is on how freight/passenger rail works together
- Support public private partnerships to leverage money
- Make ORDC a national model
- Want to help. How?
- Continued evolution that advances Ohio/rail
- Understand ORDC agenda so we can create our own agenda

Where We Are Now

ORDC's Mission

Matt Dietrich, ORDC's executive director, kicked off this segment of the meeting by reviewing ORDC's enabling legislation and mission. He provided an overview of key initiatives, highlighting successes with public-private partnerships and the bond program, and showing how ORDC has been able to use its limited budget to leverage significant economic investment in the state. He highlighted a table included in ORDC's 2010-2011 budget request that illustrated how these investments seed larger private investment in the state. Mr. Dietrich also discussed how next year's budget will be reduced due to required cuts throughout state government.

Comments following this presentation included:

- Use ORDC's economic return chart to educate state policymakers on how ORDC expenditures have large return on investment.
- Put a dollar value on what ORDC gains from working with Ohio Department of Transportation (ODOT).
- Leverage money wherever possible.
- See Congestion Mitigation Air Quality for grant funds; include rail considerations in ODOT Major Investment studies.

The Current State of Freight Rail in Ohio

The next presentation was provided by Art Arnold of the Ohio Railroad Association. He discussed the current state of freight rail in Ohio. Railroads are becoming more aggressive and creative, now recognizing that public-private partnerships are critical to their success. He outlined the public/private investments in Ohio by Norfolk Southern and CSX, and discussed the important role of the short line railroads in creating jobs and getting goods to the market. He discussed how bottlenecks throughout the state hurt rail efficiency, and that the lack of capacity impedes growth. Comments following this discussion included:

Comments following this presentation included:

- Freight railroads need to constantly define and educate policymakers on the public benefits of rail investments.
- Work with other state agencies to demonstrate how freight rail investments create jobs
- Permitting is an issue – steel industry lobbies for cheap permits for trucking companies, so they end up not paying their fare share of transportation infrastructure costs.
- Support more grade separations.
- Need public benefit quantification (create model – need RR help). See FHWA highway version for ideas on best approaches.

The Current State of Passenger Rail in Ohio

Mr. Dietrich provided a summary of the current state of passenger rail in Ohio, summarizing the goal of starting service between Cleveland, Columbus and Cincinnati ("3-C") in 2010. Mr. Dietrich explained this would be the first step of implementing the Ohio Hub vision, which includes high-speed rail in the 3C corridor and service connecting to Chicago, Detroit, New York, Pittsburgh and elsewhere. An Amtrak study is currently underway, and the Federal Railroad Administration (FRA) just awarded a $62,500 grant to ORDC toward this effort. The passage of federal legislation is a promising sign that, for the first time, there may be additional funds for this effort.

Comments following this presentation included:

- Look at capacity needs in both freight and passenger when considering how to implement passenger rail.
- Growth in freight/passenger rail shouldn't be at expense of each other.
- Make sure Amtrak agreement considers freight railroad issues.

- Sen. Voinovich is concerned about costs (relative to federal rail bill).
- Develop a state rail plan – do it right and fast.

Status of ORDC Safety Program

Susan Kirkland, ORDC Safety Programs Manager, gave a presentation on ORDC's rail safety program.

Comments following this presentation included:

- Need to tackle railroad compensation issues.
- Consider closing more crossings instead of fixing them (this is affected by PUCO, who can order closures).

Status of ORDC Economic Development Committee

Commissioner Barbara Hammontree Bennett, chairman of ORDC's Economic Development Committee, summarized the committee's efforts to date, which are focusing on identifying strengths, weaknesses, opportunities and potential threats to ORDC and rail in Ohio.

Status of Department of Development Strategic Plan

Commissioner William Murdock, who is also Director of Urban Development at the Ohio Department of Development, highlighted the ODOD strategic plan that would focus economic development investments in "hubs" throughout Ohio.

Status of 21st Century Transportation Priorities Task Force

Chairwoman Molitoris provided a more detailed summary on the 21st Century Transportation Priorities Task Force. The recommendations are likely to be transformational, and have the potential to provide greater opportunities for rail investments in the future as a more balanced transportation network is developed in Ohio.

Where Do We Want to Be?

Ms. Keister then gave staff and commissioners the following instructions: Envision the year 2020. On the post-it notes in front of you, write one idea on each describing what you would like to see in three categories. The categories & identified ideas are listed below.

How a <u>product</u> might ideally move within/into/out of Ohio in 2020

<u>Costs paid by beneficiaries</u>

- Private benefits paid for by private users
- ODOT permits used only for special freight needs, not as a business as usual operating practice
- More trucks paying their fair share
- When public infrastructure is involved, commercial user pays full cost of use – no more subsidy
- Freight project investments based on public benefits paid for by public

Mode-specific

- Long-haul rail freight into state; short-haul rail freight within Ohio using Ohio Hub high-speed infrastructure
- More use of water, the only freight mode with excess capacity
- High speed, high capacity rail corridors from major points
- Railroads extolling the virtues of the cleaner, safer, more efficient mode of surface transportation

Multi-modal

- Multi-modal; shared/coordinated infrastructure; global – connect the dots
- Products made in factories on redeveloped brownfields will seamlessly be loaded onto rail connected to water ports on Lake Erie and the Ohio River and shipped all over the world
- Into Ohio by water ports to rail to short trip trucking for final destination (and reverse to export out of Ohio)
- Ohio is functioning as the intermodal hub of the US
- Enhanced rail/truck IMF's (intermodal facilities)
- Containers – intermodal almost exclusively
- Train, plane, truck, email, ship
- Intermodal-train between major centers then transfer of containers to truck, like in Baltimore
- Products will move more & more by intermodal – more transloads of bulk, more domestic containers, containers on water
- By trains and aircraft
- Not only integrate all modes – but different levels of rail service to move loads large and small

General/miscellaneous

- The most efficient (environmentally, economically) way possible with the least amount of impact to communities
- Mechanically without humans at the helm
- Products move in larger mass thus become more efficient & cost effective
- With as little use of fossil fuels as possible. Hybrid and electric vehicles and rail travel. Maximize use of our great asset, Lake Erie.
- Products move less – i.e. shorter distances. More local agriculture, more local manufacturing, less/fewer "needs" – i.e. acquire fewer but finer things
- Faster, with less congestion on highways.

How a person might ideally move within/into/out of Ohio in 2020

General

- In a way that maximizes land use and benefit to Ohio's central cities
- All Ohioans can be mobile for professional, education, health and fun reasons without owning a car
- People move less – less sprawl, more local goods & services, more web-based work, more web-based shopping, more vibrant city cores

- Seamless public transportation options to travel to and within Ohio's major cities and destinations
- Sleek & fast

Non-rail-specific alternatives

- People will move more by bikes
- By Harley
- People will move more by electric vehicles with limited range
- 50% of all autos in Ohio (buses, trucks, too) operate on alternative fuels
- Mass people movers into & out of Ohio metropolitan areas

Rail options

- Passenger rail will crisscross Ohio and connect with commuter and light rail and ferries across Lake Erie
- At least 1 pilot high speed rail route
- Locally, Columbus area – monorail system; statewide – passenger rail system
- High speed rail, hovercraft on lake to/from Canada
- Fully integrated network of passenger trains – with much less reliance on single occupant vehicles
- Fly-in transfer to Ohio Hub regional rail service
- People in every major area of the state can go to a downtown train station and get on a high-speed passenger railway
- Mass transit locally-less emphasis on autos; rail for longer distances; air for very long distances
- Each of Ohio's 7 major cities and 10 smaller ones has a vibrant transit/light rail/streetcar/trolley system
- The Ohio Hub is fully operational
- Passenger trains – high speed – between major cities, then monorail (above street level) within city limits
- Passenger rail needs own right of way to meet goals
- Any Ohioan can walk from their home or business and connect with multiple transportation options regardless of where they live – urban, suburban or rural. No citizen left behind.
- Check bag at local light rail station. Take local light rail to intercity passenger rail station. Have lunch. Take intercity rail to Detroit Airport, then take plane to London.
- Between major cities by high speed rail. Inner city by public transportation (bus, trolley, e-cars, etc.)
- High speed, high capacity rail corridors from major points (cities etc) into Ohio
- High speed rail systems, similar to those in Europe and Japan

What should ORDC look like in 2020? How should it operate?

Smaller/different entity

- Privatized
- Lean, efficient organization – not so much staff that there is too much bureaucracy
- Smaller with more to do
- Empty, because the majority will be retired
- ORDC should become Ohio Rail & Water Development Commission

- ORDC will oversee an interconnected network of rail (for people & products) and water transportation

Other
- Identify corridors

Larger
- $500 million budget, 150 employees
- ORDC staff will be a lot bigger
- More well-funded, better staffed

Resource/Coordinator/Oversight role/Part of a system
- Part of a seamless customer service-oriented state structure
- Matrix-style organization with knowledgeable and dynamic workforce
- An integral part of the transportation mix
- Oversees Ohio Hub operations, contracts for maintenance, interstate relations, federal grants, land use incentives
- ORDC empowered to implement passenger and commuter rail in areas where traffic congestion needs relief
- Partner, coordinator, champion of an accessible transportation network
- One-stop resource for rail solutions
- Leader, facilitator, research, expanded authority
- ORDC will have a staff balanced for freight & passenger rail
- Keeper of an established revenue stream
- Main force and driver of coordinating efforts with partners (ODOT, ODOD, metropolitan planning organizations, shippers, railroads, etc.)
- Advocates/facilitates/helps fund leading edge transportation infrastructure/job creation/research market-ready transportation technology to make Ohio the model for leveraging economic development/population & job growth
- Serve as the state's clearinghouse for newer, more efficient & effective freight & passenger rail service
- ORDC's SIB (state infrastructure bank) for rail freight & passenger development leads the nation (per capita) in rail/inter/multi-modal investments

How We Might Get There

Ms. Keister divided participants into six groups, and assigned two groups to discuss one of the three topics above. She then asked the groups to identify the changes needed to make these visions a reality and the action steps ORDC could take in the next five years to help those changes occur.

What changes will be needed to achieve the "product movement" 2020 vision?

Group #1 (Changes)

Intermodal/multimodal movement of goods:
- Public policy – pay fair share
  - No subsidy – trucks pay more of highway cost

    - RR projects have public benefit
- New freight paradigm
    - HSR (high speed rail) freight component
    - High speed freight
- Keep humans at helm
- Lifestyles – less goods movement
- Local agriculture – local goods
    - Capacity on rail
- Use water more (water/rail)

New freight paradigms
- Include freight (package express) in HSR studies & development
- Promote research & development of public goals – e.g. short haul intermodal to get trucks off road, tax incentives – targeted

Water/rail movement
- Designate a state water staff
- More port/rail programs/$$
- Public needs/benefits research
- What works – water rail – what doesn't
- Prevent truck weight increases to facilitate water highway

Capacity
- Tax credit (proposed) for RR needs
- State-federal program (not yet proposed) for public needs

Group #2 (Changes)
- Changes in legislation (mind set) – subsidies to move traffic off of highways; help railroads offset capacity and other improvements
- Find better ways to move hazardous materials. There is too much risk today
- Increase the # of double-stack clearance routes to east coast ports

What action steps will be required to achieve the vision for moving products?

Group #1 (Action Steps)
- Priority shift/$$
- Use Congestion Mitigation Air Quality funds for Rail
- Use transportation enhancements for branch lines
- Double stack clearance (use highway $ where applicable)
- Coordinate double stack planning with highway planning – state plan
- More port development
- Change public policies that promote heavy truck use – no subsidy – trucks pay fair share
- Proper appendages for legislative process to do right thing
- More study on economic benefits of RR projects – especially shipper cost savings and relationship to jobs
- Education of public & legislators
- More study/more education on how encouraging rail use helps highway & environment & saves money

- Benchmark Ohio with other states

Group #2 (Action Steps)

- Encourage railroads to construct more sidings; partnerships between Class 1s and short lines to relieve traffic on the mainlines
- Push for legislation which would limit railroads' exposure to lawsuits in the event of an accident when transporting hazardous materials
- Government aid for clearance projects

What changes will be needed to achieve the "people movement" 2020 vision?

Group #1 (Vision/Changes)

Vision: Connectivity/productivity/public benefit/safety

Changes:

- Funding/dedicated sources
- Building stronger/deeper partnerships (RRs, governments, rail manufacturers)

Group #2 (Vision/Changes)

Vision: Transitional change

Data collection: MPO/ODOT modeling needs to validate assumptions on commuting patterns
Education on public benefits: Clean, timely, safe

- Environmental
- Safety
- Energy Independence
- Flexibility

Group #1 (Actions)

- Restructure funding system for rail
- Preserving rail infrastructure
- Removing laws that prohibit mode funding
- Build relations
- Change motor vehicle fuel tax
- Develop car building & repair in Ohio

What should ORDC look like in 2020? How should it operate?

Group #1 (Vision/Changes)

Vision: ORDC leads Ohio's efforts to have the finest freight and passenger rail network in the nation.

Changes:

- ORDC is part of a true transportation department with dedicated rail funding

- Funding that assures progress toward having the finest freight & passenger rail network in the country
- ORDC is mandated to invest its public funds in partnership with all stakeholders (public and private) to achieve the goals of the state rail plan
- ORDC leverages partnerships, financing streams, and other tools

Group #2 (Vision/Changes)

Vision (Assuming rail infrastructure is constructed i.e. Ohio Hub and more!): Continued safety & growth for freight & passenger services through strong management, partnerships & leadership; Be the acknowledged leader and champion in all rail issues

Changes needed:
- Adequate staffing & expertise
- Proper/adequate funding to optimize public benefits
- Educated & progressive state & federal legislatures
- Improved tools to quantify public benefits for public funding
- Solidify/formalize partnerships
- Better visibility with public & local governments

Group 1 (Actions)
Money, laws, people
- State Rail Plan (a 20-year investment plan) coordinated with the state transportation plan
- Pursue diverse funding streams (federal, private, other public)
- Advocate legislative changes that support vigorous pursuit of the continuity and growth of Ohio's rail system by December 2009
- Advocate for sufficient funding and staffing to achieve goals of the State Rail Plan

Group 2 (Actions)
- Transportation caucus initiation
- Complete state rail plan
- Establish public benefit matrix/model (w/ODOT & ODOD)
- ORDC representation on TRAC (Transportation Review Advisory Council – ODOT)
- Establish relationship w/ODOT Environmental for PEIS

Commission Priorities

Each Commissioner was given nine red dots, and asked to put one red dot by three actions under each topic area (goods movement/people movement/ORDC role) that should be high priorities.

Product Movement Priorities
1. More study on economic benefits of railroad projects – especially shipper cost savings and its relationship to jobs (4 votes)
2. (tie) Coordinate double-stack planning with highway planning – state plan (3 votes)
2. (tie) Encourage railroads to construct more sidings; partnerships between Class 1s and short lines to relieve traffic on the mainlines (3 votes)

2. (tie) Push for legislation which would limit railroads' exposure to lawsuits in the event of an accident when transporting hazardous materials (3 votes)
3. Priority shift/$$ (2 votes)
4. (tie) Education of public & legislators (1 vote)
4. (tie) Government aid for clearance projects (1 vote)

People movement

1. Restructure funding system for rail (6 votes)
2. Education (4 votes)
3. Removing laws that prohibit mode funding (3 votes)
3. Safety (3 votes)
4. Data collection (2 votes)
5. Develop car building & repair in Ohio (1 vote)

ORDC Role

1. State rail plan (8 votes)
2. (tie) Pursue diverse funding streams (federal, private, other public) (5 votes)
2. (tie) Create a Transportation caucus in the state legislature (5 votes)
2. Establish public benefit matrix/model (w/ODOT & ODOD) (5 votes)
3. (tie) Advocate legislative changes that support vigorous pursuit of the continuity and growth of Ohio's rail system by December 2009 (4 votes)
3. (tie) Advocate for sufficient funding and staffing to achieve goals of the state rail plan (4 votes)
4. (tie) ORDC representation on Transportation Review Advisory Council (1 vote)
4. (tie) Be the acknowledged leader and champion in all rail issues (1 vote)
4. (tie) Educated & progressive state & federal legislatures (1 vote)

Action Steps

Each of the six groups was given a specific priority identified in the previous exercise and asked to identify more detailed action steps that would help make these priorities a reality. The following summarizes the group input on desired action steps that will assist in achieving the vision and facilitate the necessary changes.

Education: The Legislature and Public/Private Sectors; Cultivate Champions!

Legislature

- Identify interested parties, i.e. Transportation Committee, Finance Committee
- Make ORDC presentation on rail to Transportation Committee in advance of legislative demand (i.e. bill, etc.)
- Maintain regular communications with individual legislators on rail issues
- Involve larger rail community in communications/education
- Create Rail Caucus

Public

- Include/feature rail in "Capitol for the Day" program
- Op/eds/Letters to the editor, broadcast interviews
- Speak at statewide association meetings
- Continue Class 1 ads educating public on rail benefits

- Develop brochures for dispersal at public locations (groceries, shops, fairs)

Private
- Promote benefits and value of rail to private sector
- Education should also flow from private beneficiaries/users

Cultivate champions
- Identify likely suspects
- Provide compelling evidence of benefits (to area)
- $$
- ♥

Data collection: validate assumptions on commuting patterns, show economic development/public benefits

- Find out/survey where/what information is currently available
- Consolidate information
- Analyze to validate/invalidate
- Identify needs
- Quantify connection between rail investments and economic return

Restructure funding: CMAQ, Remove mode funding prohibitions

- Remove mode $ prohibitions: change constitution (educate legislature, voters)
- Revise gas/transportation taxes to align with public cost & benefit to "pay for what you use"
- Base public funding on public benefits
- Leverage public $ opportunities w/ public/private partnerships
- Use TIF (rail stations), JEDD opportunities
- Change management fees for public funding pass-through

Freight railroad coordination: improve capacity, improve connections

- Identify necessary investments to remove 30 Ohio freight bottlenecks ($1.2 billion in 2003 dollars)
- Build all necessary passing siding & double track to implement Ohio Hub
- Upgrading track and installing positive train control to ensure safe & efficient freight & passenger rail
- Foster partnerships with Class 1 railroads
- Assure multi-modal investments to meet goals of the state rail plan
- Implement regular planning process with all Ohio railroads to achieve consistent and adequate investment with public & private entities
- Assure zero tolerance for any safety hazard on all Ohio railroads (re: crossings)

Institutional changes: cooperation, collaboration; coordinate transportation network planning (i.e. double stacking)

- Formalize the current informal linkages between agencies

- Advocate for state transportation plan -- NOT just state rail plan (don't want to reinforce a mode-specific approach when a more balanced approach is needed)
- Call for "transportation cabinet"
- Deadlines on deliverables (report to Governor & legislature)
- Form legislative/executive links with transportation caucus
- Then state speaks with one voice to private sector

State rail plan

Rail portion of state transportation & development plan

- Meet FRA planning requirements
- Coordinate with 21st Century Transportation Priorities Task Force
- Conduct Programmatic Environmental Impact Statement for Ohio Hub
- Coordinate with railroads
- Facilitate/identify numerous public benefits (passenger)
- Facilitate/identify economic development benefits (freight)

The retreat closed with a commitment to compile the input received at the retreat, to forward the input to the 21st Century Transportation Priorities Task Force, and to use the retreat's guidance as ORDC sets priorities for its 2009 work plan. Chairwoman Molitoris mentioned that the report of the Task Force will be a starting point and that much more input and participation will be needed to implement the recommendations. Ms. Keister noted how the Commission's priorities might inter-relate with other transportation initiatives in the state:

1. First, public/private/staff experts provide input to ORDC on needs, vision and desired priorities, as accomplished today.
2. ORDC further establishes priorities based on commissioner feedback.
3. Meanwhile, statewide transportation priorities are established at ODOT.
4. Also, the 21st Century Task Force is looking at new priorities for the state's overall transportation system, and will submit them in December 2008.
5. The Governor, ODOT and the Legislature (state & federal) will determine which priorities are funded and get to move ahead.
6. Champions/grassroots must be mobilized to urge the Governor, ODOT and the Legislature to consider ORDC priorities in the context of statewide transportation goals.

Ms. Keister recapped the desired outcomes for the retreat, and then thanked everyone for participating.

The retreat concluded at approximately 4:00 p.m.